DOCUMENT RESUME

ED 224 881 CE 034 466

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|---|---|
| TITLE | Job Training Partnership Act. Report (to Accompany H.R. 5320). House of Representatives, 97th Congress, 2d Session. |
| INSTITUTION | Congress of the U.S., Washington, D.C. House Committee on Education and Labor. |
| REPORT NO | House-R-97-537 |
| PUB DATE | 17 May 82 |
| NOTE | 78p. |
| AVAILABLE FROM | For related documents see CE 034 537-538. |
| PUB TYPE | Legal/Legislative/Regulatory Materials (090) -- Reports - General (140) |
| EDRS PRICE | MF01/PC04 Plus Postage. |
| DESCRIPTORS | Adolescents; Adults; American Indians; *Disadvantaged; Disadvantaged Youth; *Economically Disadvantaged; Educational Finance; *Employment Programs; Federal Legislation; Federal Programs; *Job Training; Migrant Education; *Policy Formation; Program Implementation; Public Policy; Retraining; State Programs; Statewide Planning; Training Methods; Training Objectives; Vocational Education; Youth Employment |
| IDENTIFIERS | *Displaced Workers; *Job Training Partnership Act 1982; Private Industry Councils |

ABSTRACT

The Job Training Partnership Act is intended to establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals who are in special need of such training to obtain productive employment. The act is organized into five titles. This document contains an amendment to the bill from the Committee on Education and Labor of the House of Representatives submitted to the whole House as the bill was on its way to enactment. The document also contains other views and minority reports on the substance of the bill, along with reasons for disagreement on specific sections of the bill. (KC)

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97TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 97-537

ED224881

# JOB TRAINING PARTNERSHIP ACT

MAY 17, 1982.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PERKINS, from the Committee on Education and Labor, submitted the following

## REPORT

together with

## SUPPLEMENTAL, INDIVIDUAL, SEPARATE AND ADDITIONAL VIEWS

[To accompany H.R. 5320]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Labor, to whom was referred the bill (H.R. 5320) to establish a community public-private training and employment assistance system and to provide employment and training services, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes out all after the enacting clause of the bill and inserts a new text which appears in italic type in the reported bill.

### BACKGROUND

In a time characterized by the highest unemployment since before World War II, no task is more important than to find meaningful employment for all who want to work. In this regard, the Committee on Education and Labor is proposing to enact an improved and more effective comprehensive job training program. This new proposed legislation, which would replace the expiring Comprehensive Employment and Training Act (CETA) program, builds on the existing local government structure for delivering job training and gives a business-dominated Private Industry Council (PIC) equal voice with local elected officials in determining how Federal job training funds are to be spent. It is the Committee's belief that it is imperative to build on the expertise and experience developed through this program over the past decade, but it is also necessary to incorporate new policy

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directions to strengthen the stability of the system and improve its effectiveness. Indeed, the 1978 amendments to the CETA statute did strengthen and improve the Act. Studies conducted in 1980 by the Bureau of Social Science Research and the National Council on Employment Policy document these improvements.

In fashioning the new legislation, the Committee was cognizant of the need to retain the current prime sponsor system while at the same time moving toward larger areawide planning of programs. Thus, the Committee's bill retains State and local government as the principal system for delivering employment and training services but raises the size of the prime sponsor population from 100,000 to 150,000 and provides incentives for voluntary consortia to serve a labor market area.

Based on cumulative experience with the CETA program, the Committee sought in 1978 to recognize the need to encourage and promote private sector involvement in all CETA programs. As a result, in 1978 the Committee established a new Private Sector Initiative Program (PSIP) which was designed to encourage prime sponsors to work more closely with private sector employers. Because that program was effective in forging strong relationships between government and business, the Private Sector Initiative Program was reauthorized through fiscal year 1982. At this juncture, the Committee recognizes the need to make the private sector a full partner with the prime sponsor in the design and implementation of all employment and training programs.

An essential element of a program of this magnitude must be the provision of methods which will insure that the substantial Federal monies involved are wisely spent at the local level. Nothing is more critical in the eyes of the public than the assurance that their tax dollars are efficiently managed and productively spent.

Initially, the Department of Labor issued key indicators of expected performance in fiscal year 1977, which were applied to the basic training program under Title I of Public Law 93–203. The key indicators were extended to other CETA programs in fiscal year 1980 and subsequently DOL converted these indicators to performance standards. In fiscal year 1981, both the average cost per entered employment and the average cost per positive termination were lower than fiscal year 1980. Because inflation and the average cost per enrollee increased, program effectiveness must have increased substantially in order for these costs to decline. Recent reports also indicate that placement wages increased slightly from fiscal year 1980 to fiscal year 1981 and positive terminations and entered employment rates were higher than in fiscal year 1980 which reflect the increases in productivity.

In the Committee's view, it is absolutely essential that binding national performance standards are established as a means of accounting for results. The criteria outlined in the Committee's bill are designed to guarantee that federal funds are used to assure quality training. However, the Committee's bill allows local communities maximum flexibility to determine the types of services to meet the performance standards.

The Committee finds that one of the most vexing long-term problems facing our Nation today is our inability to find jobs for young Americans. It is perhaps the ultimate irony that at a time when we find ourselves primarily concerned with the revitalization of the American economy, we find the most vital sector of our workforce unschooled, untrained, and unemployed.

The Title IV–A CETA youth program enacted in 1977 demonstrated the kind of contributions which government can make to alleviate this deplorable situation. These programs, together with the summer youth employment program, are retained as eligible activities under the new proposal. The Job Corps will continue as a distinct national program. The Committee's bill also includes programs which place special emphasis on preemployment skills training, education, entry employment experience, and school-to-work transition assistance.

Recognizing that unemployment due to structural changes in the economy is one of the most crucial employment problems we face today, the Committee proposes authorizing a new program under this legislation which is targeted to serve skilled workers who are displaced from their jobs by plant closures or permanent reductions-in-force. In the Committee's view, retraining these workers and providing job search assistance or relocation assistance for new employment opportunities will go a long way toward helping them become productive again and reducing the enormous unemployment compensation and/or welfare costs which their displacement would impose.

The Committee's proposal also takes into account the need for a more closely integrated system. Not only does the Committee make further improvements by establishing better coordination between the new Act and the educational communities and the private sector, but it also requires joint planning with the Work Incentive Program (WIN) and the Employment Service under the Wagner-Peyser Act.

## Summary of Major Provisions

### AUTHORIZATION

The bill provides a permanent authorization of appropriations with $5.4 billion authorized for fiscal year 1983 and such sums as may be necessary for each succeeding fiscal year: $3.5 billion for employment and training services for the disadvantaged under Title II; $1.0 billion for displaced workers under Title III; and $650 million for Job Corps, $20 million for Labor Market Information, and $230 million for other national programs, under Title IV.

### TITLE I—JOB TRAINING AND EMPLOYMENT ASSISTANCE SYSTEM

*Service delivery area*

States, units of local government with populations of 150,000 or more, consortia of eligible areas, and rural concentrated employment programs are eligible to be "prime sponsors", or service delivery areas. Areas with less than 150,000 population which served as prime sponsors under the Comprehensive Employment and Training Act could continue to be eligible through 1988 if two or more such prime sponsors establish a point private industry council. Consortia composed of at least one existing prime sponsor regardless of population size and

other units of local government which together meet the population size are also eligible to be designated as prime sponsors.

*Private industry councils*

An independent private industry council is to be established in each prime sponsor area which shall have joint responsibility with the prime sponsor for the development of program plans, designation of the administrative entity to carry out the program, and use of funds under the Act. The majority of the members of the Private Industry Council are to be representatives of business and industry in the area, with one-half of such business representatives from small business. The initial chairperson of the council shall be a representative of the business community.

If the prime sponsor and the PIC cannot concur on the submission of a plan for any period or if the plan submitted is not approved by the Secretary, the Secretary may designate the State or other alternative prime sponsor in the State to develop a plan.

*State's responsibilities*

The Governor shall designate one or more service delivery areas for portions of the State not served by local prime sponsors.

The Governor is responsible for establishing, with the State Employment and Training Coordinating Council, criteria for coordination of prime sponsor plans with other employment and training programs in the State.

The Governor is also responsible for a statewide comprehensive labor market and occupational supply and demand information system.

Twenty percent of the State funds may be used for assistance to State educational agencies, including vocational education, to facilitate coordination with training activities under this Act.

A State incentive grant program is established for joint agreements between prime sponsors and State and local education and training agencies which contribute equal matching funds from sources other than this Act.

*Performance standards*

The Secretary of Labor is required to establish national performance criteria based on placement in unsubsidized jobs, retention, earnings gains, and reductions in income support costs for adults, and additional factors for evaluating youth programs which include employability competencies, school completion, referrals to other training programs or enlistment in the military.

The Secretary is permitted to waive any performance standard and approve a plan with less stringent goals, for a prime sponsor which demonstrates exceptional local economic hardships.

If a prime sponsor fails to attain performance goals for 2 consecutive years, the Secretary may designate an alternative prime sponsor.

*Allowances*

Allowances to eligible participants in training activities are provided on a need basis calculated as the equivalent of 70% of the Bureau of Labor Statistics lower living standard level minus the participant's total cash income (including public assistance payments) and food stamps.

## TITLE II—EMPLOYMENT AND TRAINING SERVICES FOR THE DISADVANTAGED

*Division of funds*

Employment and training services for the disadvantaged are divided into adult training programs for those 22 years of age or older and youth preparatory programs for youth under 22 years of age. Fifty percent of the funds would be reserved for in-school and out-of-school youth with adjustments to take into account local variations in the proportion of youth in the eligible population and flexibility to transfer up to 15 percent of the funds from one part to the other.

*Eligibility*

Economically disadvantaged individuals aged 16 and older whose family income does not exceed 70 percent of the BLS lower living standard or who are eligible for public assistance or are handicapped may be eligible for services under Title II. Individuals 14 and 15 years old may participate in preemployment skills training and summer youth employment.

Ten percent, of the participants may be exempt from the income eligibility criteria if they have encountered substantial barriers to employment, such as persons of limited English language proficiency, displaced homemakers, single teenage parents, older workers, veterans, ex-offenders, alcoholics or addicts.

*Activities*

Allowable activities include a broad range of training and job-finding programs including on-the-job training, institutional training, basic skills training, and job search assistance. In addition, youth preparatory programs include preemployment skills training, education for employment, entry employment experience, school-to-work transition, and summer youth employment.

## TITLE III—EMPLOYMENT AND TRAINING ASSISTANCE FOR DISPLACED WORKERS

*Allocation of funds, matching requirement*

Funds are allocated to States on the basis of unemployment factors. Twenty-five percent of the funds are reserved to the Secretary's discretion for high unemployment areas or enterprise zones.

Funds allocated on the basis of unemployment factors for activities under this title must be matched with State or local, public or private funds. The non-federal match can be met by States providing unemployment insurance benefits to persons in training courses in skill shortage occupations. The match may also include the direct cost of employment or training services provided by State or local programs. The Secretary is required to establish regulations for adjusting the matching requirement for States with rates of unemployment higher than the national average.

Eligible participants include workers whose employment has been terminated or workers who have received notice of termination or suspension as a result of plant or facility closures or permanent reduc-

tions in force. Eligible participants for training or retraining include unemployed workers with limited opportunities for employment or reemployment in the same or similar occupation.

*Authorized activities*

Employment and training services including job search assistance, training, retraining, counseling, labor-management programs and relocation assistance are authorized.

TITLE IV—NATIONAL EMPLOYMENT AND TRAINING PROGRAMS

Programs for migrants and Native Americans are maintained at the national level. Set-asides equal to 27 percent of the funds available for Title II are reserved for services to Native Americans and 2.8 percent are reserved for services to migrant and seasonal farmworkers.

The Job Corps is retained as a separate national program for economically disadvantaged young men and women aged 16 to 25.

Multistate programs increasing coordination with other employment related programs, reducing critical skill shortages and targeting employment and training assistance to persons facing particular disadvantages in the labor market including special programs for veterans to be administered through the Assistant Secretary for Veterans Employment are authorized.

Research, demonstration, and pilot projects, and technical assistance are authorized and a national clearinghouse to disseminate materials and information on exemplary programs is established.

Federal-state cooperative labor market information programs are authorized. The Secretary is required to collect data on plant closures.

The National Commission for Employment Policy is reconstituted as an independent non-governmental Commission to advise the President and the Congress on national employment and training issues.

TITLE V—AMENDMENTS TO OTHER STATUTES

*Employment service (Wagner-Peyser Act)*

The Wagner-Peyser Act is amended to require the employment service and local prime sponsors to plan jointly for use of funds under Wagner-Peyser. Non-labor exchange duties are eliminated from the Employment Service's functions where not reimbursed.

Funds are allocated on a needs-based formula, with a hold harmless of 90 percent of the prior year's funding. Ten percent of the funds are reserved for the Governor to provide performance incentives, services for groups with special needs, and exemplary models.

*Work Incentive Program (WIN)*

Title IV-C of the Social Security Act [WIN] is amended to require job search assistance for WIN registrants, require joint planning with the prime sponsors under the Job Training Partnership Act, and utilize the Private Industry Council [PIC] instead of the Labor Market Advisory Council, now authorized under WIN.

## Committee Action

*Oversight activity*

In anticipation of various legislative proposals to replace the expiring Comprehensive Employment and Training Act, the Subcommittee on Employment Opportunities conducted informal seminars and public hearings, and participated in site visits, meetings and conferences on employment and training issues in Washington, D.C. and across the country.

During the first session of the 97th Congress, the Subcommittee initiated a series of informal CETA reauthorization seminars in Washington, D.C., bringing together various groups directly involved with the CETA program. Representatives from the business sector met with the Subcommittee during the July 30, 1981 seminar to share their concerns about training for private sector jobs. On August 3, a similar seminar was conducted with representatives from various prime sponsors across the country. Seminars were conducted on August 10 with representatives of Private Industry Councils and on September 16 with representatives of labor and community-based organizations which focused on their respective roles in the design and delivery of employment and training services under the existing CETA law. These forums were invaluable to the Subcommittee in exploring policy alternatives and soliciting specific recommendations for the development and consideration of an employment and training bill.

The Subcommittee on Employment Opportunities conducted a hearing on full employment in Los Angeles, California on August 13, 1981, which, among other things, explored the potential for expanding employment opportunities for unemployed and under-employed workers. On October 27–28, 1981, the Subcommittee on Employment Opportunities held joint hearings with the Subcommittee on Crime of the House Judiciary Committee on the relationship between unemployment and crime. Numerous witnesses emphasized the importance of the Federal Government's role in continuing to fund programs with a proven record of effectiveness in combatting these interrelated problems—programs such as the Job Corps, supported work programs aimed at ex-convicts and AFDC recipients, and the Summer Youth Employment Program.

The Subcommittee began its oversight hearings on the reauthorization of the Comprehensive Employment and Training Act in Brattleboro, Vermont on November 2, 1981. Approximately 30 witnesses representing the private sector, prime sponsors, economic development agencies, consolidated programs, vocational education agencies, youth groups, and community-based organizations testified before the subcommittee on that date.

The Subcommittee Members and staff traveled to California during the week of November 30 through December 4, 1981 to participate in meetings and site visits of colocated CETA and Employment Service offices in connection with the Subcommittee's oversight of the CETA program. The Subcommittee met with CETA/ES officials and representatives in Sacramento, San Francisco and Los Angeles, California and received various recommendations for the reauthorization of future employment and training programs and revisions to the Wagner-Peyser Act.

During the second session of the 97th Congress, the Subcommittee continued its oversight hearings on employment and training in New York City on March 8, 1982. Approximately 17 witnesses testified on their experience in operating job training programs and offered recommendations for the design of the legislation to replace CETA.

*Legislative activity*

The following major bills to replace the expiring CETA program were introduced during the 97th Congress and referred to the Committee on Education and Labor: H.R. 5320, the Community Partnership for Employment and Training Act; H.R. 5461, the Productivity and Human Investment Act; and H.R. 5533, the Training for Jobs Act.

In Washington, D.C., the Subcommittee conducted joint hearings on employment and training legislation on March 15, 16, 17 and 18, 1982 with the Senate Subcommittee on Employment and Productivity chaired by Senator Dan Quayle. The Subcommittee heard approximately 100 witnesses, the National Commission for Employment Policy, Members of Congress, Governors, Mayors, county and state officials, labor organizations, business, community-based organizations, youth groups, prime sponsors, education representatives, employment service officials, the academic community, private industry councils, and economic development organizations.

The Subcommittee on Employment Opportunities conducted markup sessions on an amendment in the nature of a substitute to H.R. 5320 on March 31 and April 1, 1982. The Subcommittee favorably reported the substitute bill, with amendments, by voice vote to the Full Committee on April 1st.

On April 27, 1982, the Committee on Education and Labor conducted a markup session on the Subcommittee's amendment in the nature of a substitute to H.R. 5320. The substitute bill, with amendments, was favorably reported out of the Committee by voice vote on that date.

## EXPLANATION OF THE LEGISLATION

### TITLE I

#### PART A—COMMUNITY PUBLIC-PRIVATE PARTNERSHIP SYSTEM

*Prime sponsor designation*

The Committee accepted provisions regarding the designation of prime sponsors that moved the focus solely from units of general government to economic areas as well. As a means of increasing the participation of the private sector, the Committee recognized that employment and training programs should accommodate the labor market needs and requirements of the areas in which they are operated. Therefore, the population base established for designation as a prime sponsor was increased to 150,000 and a new consortium provision was included under which services would be provided to a substantial portion of a labor market area.

In order to effect a smooth transition to the larger population base/labor market area concept from the current prime sponsor system, the Committee adopted amendments that provide for a five year transi-

tion period. During this time, previously designated prime sponsors may continue to operate, except that where two or more of such prime sponsors are located in a single labor market area, they must establish a joint private industry council. The joint private industry council must serve a population base of at least 150,000 or a substantial portion of the labor market area, with its members appointed on a proportionate basis by the prime sponsors involved. Under the joint private industry council structure, the community job training plans developed by each prime sponsor must set forth arrangements to conduct a single labor market analysis, to serve eligible participants across prime sponsor jurisdictions, and to provide other training activities under the bill. Nothing in these provisions should be construed as preventing other prime sponsors from establishing joint private industry councils as a means to provide more coordinated and effective services over a labor market area.

The sense of the committee is that the determination of the timetable by which the transition to a larger service delivery area will be accomplished, and by what means and arrangements, should be a locally determined process to be described in the community job training plans of the localities affected by the increase in the population base. Additionally, the committee recognizes that incentives must be provided to encourage the early formation of consortia. The consortia bonus is six percent for the first year (FY 1983) and two percent in subsequent years. The intent is to move the total system toward a focus that includes labor market considerations at the outset, rather than to force major changes at the end of the transition period. The transition period includes the opportunity to evaluate the effect on the provision of services as the delivery structure evolves into a system based on economic areas as well as political jurisdictions.

A further provision in the bill allows the Governor of a State to designate service delivery areas within the area served by the State (as a prime sponsor). The committee believes that this designation should be done in consultation with the units of general local government in the areas and that, as with other service delivery areas, a private industry council shall be designated in each such area. Again, the committee desires that a partnership with the private sector be established in all service areas to increase the consideration of the employment and training needs of that sector in the provision of services.

*Private sector role*

In order to assure vital private sector participation in activities funded under this Act while retaining essential public accountability for the use of federal funds, the Committee bill establishes an equal partnership between the unit or units of local government in the prime sponsor area and a business and industry-dominated Private Industry Council. The prime sponsor and the Private Industry Council shall jointly plan for the use of funds, determine the administering entity, and approve the use of funds. In some areas the PIC may choose to serve only as a policy board, in others the PIC may be the administrative entity for the prime sponsor area. The Committee intends that the division of functions and responsibilities should be determined locally in an agreement between the PIC and the prime sponsor and that the PIC and the prime sponsor should design a unique local arrangement for planning and efficiently administering programs based

on local capabilities, legal arrangements, and the practical demands of fiscal accountability and day-to-day management.

The Committee bill establishes the Private Industry Council as an independent board not subject to the control of the prime sponsor. The prime sponsor may not dissolve the council or remove any member, except with cause. While members of the PIC are selected by the prime sponsor, selection of business representatives must be from among nominations submitted by general purpose business organizations in the community and shall include recommendations of small business, minority business or other appropriate business organizations in the area. The chairman of the Private Industry Council shall be representative of the business sector. The remaining membership of the PIC should be representative of the community to be served, the training providers in the area, and other employment-related programs and agencies. Nominations for the non-business representatives will be made by appropriate organizations in the area. For example, the Committee expects that in many areas, the labor representatives will be nominated by the labor council for the area. Labor representatives may include representatives of teacher unions as well as unions representing workers in industry in the area or union-operated training programs.

The Committee bill also authorizes the Private Industry Council to hire staff from funds made available by the prime sponsor. The Committee does not intend that this authority should be construed to establish two distinct and duplicative administrative staffs. The authority for the PIC to hire staff is solely intended to enable the PIC to carry out its functions however these functions are defined according to the local agreement between the PIC and the prime sponsor.

The Committee does not intend for the administrative entity to directly deliver programs and services under this act, but to contract for such services with appropriate local educational agencies, post-secondary institutions, vocational institutions, community-based organizations, labor organizations, or other appropriate employment and training organizations.

This provision is designed to insure that program deliveries are selected on merit from among possible service deliverers, not preselected by virtue of organizational identity. The committee understands that exception to this provision will be made, according to regulations of the Secretary, if no alternative service deliverer is available or if it can be demonstrated (on a competitive basis, where feasible) that the administrative entity would be more effective or more capable of achieving the performance goals established in the community job training plan than the available alternative service deliverers. The Committee is particularly concerned that this provision not be construed to prohibit or delay the direct provision of services by the administrative entity in those rural areas where a rich mix of effective service providers simply does not exist.

As examples of organizations which would qualify as "community-based organizations" for purposes of this legislation, the Committee would include the Urban League, OIC, SER-Jobs for Progress, United Way of America, Operation Mainstream, National Council of La Gaza, National Urban Indian Council, Council of Negro Women, the Na-

tional Puerto Rican Forum, 70001 Ltd., Inc., neighborhood groups and organizations, community action agencies, community development corporations, rehabilitation facilities (as defined in section 7(10) of the Rehabilitation Act of 1973), agencies serving youth, union-related organizations, and employer-related nonprofit organizations.

*Small and minority business representation on PICs*

It is the intent of the Committee to encourage the active participation of small businesses (defined as fewer than 500 employees) and minority business enterprises in activities conducted under the Act. For this reason, the Committee has recommended a continuation of language contained in the Comprehensive Employment and Training Act which urges, wherever possible and reasonable, that one-half of the business and industry members of Private Industry Councils should be representatives of small businesses, including minority businesses.

Small businesses, which make up 99 percent of all businesses in the nation, (1) are uniquely suited to job training activities geared toward local needs and (2) would benefit most from trained individuals entering the labor force. The Committee finds it appropriate that, to the extent possible, such businesses be reasonably represented on PICs.

Minority businesses offer job training and employment opportunities that might not otherwise be available in certain areas, particularly inner city urban communities and some rural regions. Representation of such businesses also seems notably important to the Committee, to ensure proper consideration of minority businesses job concerns on the PICs.

Minority business representation also would enhance the effectiveness of community job training plans by encouraging long-term skill training programs directed at overcoming the problems of structural unemployment faced by minority youth.

*Performance standards*

The Committee recognizes the need for performance criteria for prime sponsor activities as one means for assuring that the intent of the legislation is served in a cost effective manner. To do this, such criteria should meet certain tests. They should: (1) be equitable to all prime sponsors, (2) be valid and reliable indicators of the long-term effects of program activities on participants, (3) not be unduly burdensome in their application, and (4) not preempt what are appropriately local decisions made by prime sponsors about what persons are to be served, and how they are to be served.

Performance criteria and standards developed pursuant to Section 103(a) (1) and (2) should be formulated in such a way as to evaluate prime sponsor performance not only on the basis of how well they achieve desired outcomes, but also on the basis of the relative gain made by participants in reaching those outcomes. It is not the intention of this Act to encourage prime sponsors to serve only the most job ready. It is the intention of this Act to serve clients who can benefit substantially from participation.

To the extent that the Secretary chooses to develop performance criteria on the basis of cost, such standards should be formulated so as to encourage minimization of costs for a given activity, and/or to encourage minimization of costs for serving a particular target group.

The Committee intends that such criteria should not favor any particular allowable activity or a particular target group or groups by accounting for costs of outcomes without also accounting for benefits. That is, cost per participant is not necessarily an effective measure of benefit or performance and should not be used to discourage longer-term training which may have a significant impact on participant outcomes.

Based on the experience of the Department of Labor in establishing performance standards, it is clear that there is still much to be learned. For example, the relationship between short-term program performance such as earnings and employment status of clients when they leave a program, and long-term client employability and earnings is not fully understood. There is also a great degree of unpredictability with respect to unintended side-effects of performance measures on prime sponsor decisions; there is substantial evidence that, in the past, performance measures have steered some prime sponsors to "cream" from the eligible population, serving those most job-ready. The Committee recognizes the attempts of the Department of Labor to learn from this experience and encourages the Department to continue to evaluate the validity, reliability, and cost-effectiveness of performance standards. Although the Committee expects the Secretary of Labor to promulgate performance criteria within 6 months after enactment of this Act, the Committee also expects further fine-tuning with regard to defining criteria and advising prime sponsors on the measurement of performance. To that end, the Secretary should monitor application of performance criteria and formulate appropriate changes in a timely manner to assure that those criteria are not biased against particular prime sponsor policies or practices that otherwise conform to applicable laws and regulations.

The Committee wants to underscore its concern that the Secretary of Labor, in developing performance standards for programs funded through this legislation, ensure that the special problems faced by older workers are taken into account. With the twin difficulties of placing the long-term unemployed and diminished employment options facing older workers due to job obsolescence, any performance criteria set forth must be especially sensitive to these issues as they relate to the older segment of our workforce.

It should further be noted that some criteria may not be as applicable to some programs as others. For example, the increase in earnings after program participation as compared to such earnings prior to program participation would not relate to the purpose of the displaced workers program.

*Biennial plan*

One of the concerns that was voiced by many persons involved in the provision of employment and training services was the inability because of annual funding practices to do long range planning in conjunction with other programs within a service delivery area, or the impossibility of developing long-term training programs. This coordination is especially critical to the development of programs with education providers due to the difference in fiscal years and forward funding for education programs. One method by which the committee

believes longer range planning could be accomplished would be by requiring a biennial instead of annual community job training plan. It is the intent of the committee that a community job training plan for each prime sponsor should be developed and submitted for approval once every two years (once the system is implemented). Only in the case of substantial change or deviation from the plan or in the event of significant funding allocation changes should revisions or modifications be filed. The Secretary may require that brief plan updates be filed on an annual basis, but the committee does not intend for prime sponsors to have to submit updated two-year plans each year.

*Planning timetable*

It is the intent of this Committee that the Secretary provide timely and consistent information, regulations, criteria and assistance. Frequent changes in these areas inhibit cooperative arrangements with other training programs, limit planning capabilities, reduce the possibility of a true partnership with the private sector, and lessen the probability of effective implementation of programs.

PART B—STATE RESPONSIBILITIES

*State employment and training coordinating council*

Throughout the course of the development of this legislation, one of the issues most widely discussed before the Committee concerned the appropriate role for the States in the future employment and training system. While the Committee bill does not give to the State any authority to design the local delivery system or approve the plans of local prime sponsors, the Committee recognizes that the evidence points to a need for greater coordination of employment and training programs with related agencies and programs in each State. The Committee has reacted to this need by strengthening the coordination role of the Governor and the State council.

Structurally, the current State Employment and Training Council under CETA has been modified and reconstituted under H.R. 5320 as the State Employment and Training Coordinating Council [SETCC].

Complementing the enhanced role for the private sector at the local level, this new state council also encompasses a somewhat stronger role for business. However, the Committee's intent plainly is that the SETCC be broadly representative of the important interests which affect the progress of employment and training efforts in each State, and, as such, no single segment should dominate. Therefore, this bill requires that the Governor appoint members to the Council in the following proportions: (1) one-fourth shall represent business and industry (including agriculture); (2) one-fourth shall represent the State legislature and State public agencies with a direct interest in employment and training; (3) one-fourth shall represent local governments in the State; and (4) one-fourth shall represent the State's eligible population, general public, organized labor, community-based organizations, and local education agencies.

The Committee bill provides that the Governor, consistent with applicable law, may transfer the relevant functions of the State co-

ordinating committee for the work incentive program [WIN] and the State advisory council on the employment service to the SETCC.

In addition to its planning responsibility for statewide Special Services, the State Council under this bill has the authority to design a biennial plan establishing criteria for coordination of training with related services, including education, vocational education, employment services, public assistance, economic development, and other functions determined by the Governor to have a direct bearing on employment and training. The plan would then be subject to the approval of the Governor.

Perhaps the most significant change with regard to the State's role in H.R. 5320 is the authority of the State Council to review the biennial plan of each prime sponsor in the State prior to its submission to the Secretary for the purpose of determining its consistency with the coordination requirements of the Council's statewide plan. If the State Council finds a prime sponsor's plan to be inconsistent with the State's criteria for coordination, it may refuse to certify the plan. In that event, the plan is returned to the prime sponsor, along with the State Council's recommendations, for a period of thirty days, after which the plan may be submitted to the Secretary for approval, whether or not the prime sponsor and its private industry council have renegotiated the plan to bring it more into consistency with the State Council's coordination recommendations. However, the recommendations of the State Council and the Governor must also be submitted to the Secretary, in addition to the plan, for consideration in the approval process. The Committee's intent in establishing this process is to afford the State the initial opportunity to exert direct pressure to bring all programs in the State which impact upon the provision of employment and training services into a rational non-duplicative framework. However, it is not the Committee's intent to provide ultimate approval authority over prime sponsor plans to the Governor or State Council, either directly through the certification process or indirectly through delays in the State's review process.

*Reasonable representation*

The Committee adopted an amendment to ensure that representation on the Private Industry Council and State Employment and Training Coordinating Council reasonably represents the population of the prime sponsor area and of the State. The intent in doing so was to emphasize the Committee's belief that minority populations be appropriately represented in actions affecting activities conducted under the Act.

It is not the Committee's purpose to mandate rigid proportional representation on either the SETCC or the Private Industry Council. The Committee simply intends for those minorities participating in sectors represented on the councils to be appropriately included, within the membership criteria set forth in the bill, by the Governor or the prime sponsor in making appointments to such councils.

*Coordination with State education and training agencies*

The Committee intends, by creating the structural framework for coordination along with funds to implement the coordination, that the education agency or agencies responsible for education and training in

a State become involved in cooperative agreements with prime sponsors. The Committee intends to facilitate coordination and avoid duplication of services for eligible participants by fostering such ties among educational institutions and agencies, prime sponsors, private employers, and community-based organizations.

Several references are made throughout the legislation to "state education agency or agencies responsible for education and training". The Committee intends that the full complement of education agencies—public and private—participate in the planning of programs and delivery of services. These agencies should include, but not be limited to, local educational agencies, state educational agencies, community and junior colleges, public and private vocational-technical schools, and other postsecondary institutions.

*State incentive grants*

The state incentive grant program is established to encourage joint agreements between prime sponsors and State and local education and training agencies which contribute equal matching funds or services from sources other than this Act. The Committee intends that this matching requirement can be satisfied by a cash or in-kind contribution.

The Committee understands that state incentive grant funds are to be spent on delivering vocational and other related educational services, such as basic educational skill development and remedial education to enable participants to develop to the point where they can benefit from more occupationally-specific training. In particular, these funds are to be spent on services which have been improved to better meet the needs of the disadvantaged population, through such means as self-paced and individualized instruction, instruction designed to meet employer-identified basic skill requirements, and open entry/open exit programing. The Committee understands further that the direct cost of employment and training services provided by state or local programs to satisfy the match requirement of this section will be permitted only if such costs are attributable to serving the participants under this Act.

The Committee intends the term "related services" within the context of the state incentive grant program to mean those educational services necessary for students to benefit from vocational training. Such services may include, but are not limited to, guidance and counseling, basic academic skills instruction, and employability skills development. "Basic academic skills" include instruction in reading, writing, mathematics, science, and communications necessary both for students to understand vocational instruction and succeed in the job market. "Employability skills" include non-occupation specific skills such as punctuality, following instructions, personal appearance, job holding and survival skills training, and job-seeking skills training. The Committee intends that programs offering "related services" may be offered, like other education programs, through the best available service provider. This provider need not be the same institution as that which provides vocational instruction.

*State labor market information programs*

It is the intention of the Committee in requiring the publishing and dissemination of labor market and occupational supply and demand in-

formation and individualized career information that such data be made available to a wide array of public and private agencies and individuals.

PART C—GENERAL REQUIREMENTS

*Opportunity to compete*

The Committee is concerned that funds for use under this bill not duplicate facilities or services already available in an area. Instead, the intent of the Committee is to encourage the utilization of existing programs and facilities consistent with performance and effectiveness criteria. The Committee also recognizes the investment that has been made in the education systems of this country. With respect to the provision of education service, it is expected that the appropriate education agencies in a prime sponsor area will be afforded the opportunity to compete and provide services, unless the prime sponsor can demonstrate that an alternative deliverer of services would be more effective or would have greater potential to enhance the participants' continued occupational and career growth.

In a performance-driven employment and training system, it is expected that determination of the all service providers will be made on the basis of competition. This competitive process requires that prime sponsors establish an objective means by which the best and most effective provider of services can be determined.

If all factors are equal, for the provision of education services, the appropriate education agency shall have the opportunity to provide such services.

*Direct cost of training/administrative cost distinction*

Section 121(p)(1) establishes a maximum limitation on prime sponsor administrative funds of 15 percent of the total amount available to that prime sponsor. However, the bill expressly excludes from administrative costs those costs which are directly related to the provision of education and training. The Committee believes that section 676.41–1 of the current CETA regulations (20 CFR Part 676.41–1) accurately draws the basic distinction which the Committee has envisioned, except that the Committee intends that all costs directly attributable to the supervision or instruction of either supervisors, instructors, or participants should be considered as costs directly related to training, and not as administrative costs. The Committee believes that tuition, entrance fees, and other instructional costs attributable to the training and instruction of supervisors or instructors are properly considered training costs rather than administrative costs.

*Prohibition against Federal control of education*

It is understood clearly that education is a function that is a responsibility primarily of State and local governments. The committee supports the interrelationships of employment and training programs with education programs, but continues to respect the State and local authority regarding education programs. Assurance that the committee does not intend unnecessary Federal interference into those activities which are historically, rightfully and lawfully the responsibility of local school boards and the States, is given by the adoption of an amendment that includes a provision from the General Education Provisions Act. This language expressly prohibits the Federal government

from exercising "direction, supervision or control over the curriculum, program of instruction, administration or personnel of any educational institution" or system.

The Committee agrees that services must be provided by the most effective deliverer and that such deliverer must be accountable for the services provided. The Committee does not intend the inclusion of the above prohibition to preclude the accountability and effective program performance required by this bill.

*Equitable service*

The Committee expects that local factors should determine priorities in providing services equitably among segments of the eligible population. The Committee suggests that prime sponsors and Private Industry Councils develop objective criteria for establishing priority for service with multiple factors utilized to determine those most in need. The Committee does not intend, however, for such local priorities to exclude service to any significant segment of the community and notes that the Committee bill requires prime sponsors to make every effort to provide equitable service among significant segments of the eligible population.

*Allowances*

One issue that received a significant amount of comment and testimony throughout the joint hearings held on this legislation was that relating to allowances. A substantial portion of testimony received supported the provision of allowances to program participants. The Committee agrees that allowances are necessary, but also believes that the provision of allowances should not serve as either an incentive or disincentive for participation in the program.

For the first quarter of fiscal year 1981, 6.2 percent of the participants in programs operated under title II B, C of CETA were receiving unemployment compensation and only 28 percent were receiving public assistance, yet 98.8 percent were economically disadvantaged. There is an obvious need for a provision allowing for the payment of allowances for those not receiving any form of income assistance.

The Committee recommendation with respect to allowances is to base them on the needs of the participant. Three types of stipends are described. The first is a subsistence stipend which is determined on the basis of the 70 percent BLS lower living standard income level. This figure is viewed as a subsistence figure which is adjusted regionally and by family size. From this figure, cash income (including in-kind assistance that affects major living expenses such as half-way house lodging) and food stamp assistance is subtracted to reflect the remaining need of the family. The remaining need is annualized to determine the hourly subsistence stipend to be received.

One concern to the Members of the Committee is that funds from this bill are not used to substitute for aid that disadvantaged individuals are entitled to receive under other programs. The provision of allowances in this bill is not an entitlement, but rather assistance to assure that those most-in-need are not prevented from participating in these programs due to lack of support. An amendment was adopted to clarify this intent, and to assure that the applicants to the programs under this bill are referred to assistance programs from which they are entitled to receive aid. It is not the Committee's intention, how-

to require that in the determination of eligibility under this program, calculations be made of assistance which the participant is not receiving.

Participation cost stipends to cover the additional costs of transportation, meals, equipment and child care which are necessary for participation are included in the provisions of the bill. Again, the Committee intends for these to be based on the need of the participant. For those who meet the family income test for eligibility under the program, 100 percent of their participation costs can be provided. Those participants whose family income is between 70 and 100 BLS lower living standard income level are eligible to receive up to 100 percent but not less than 50 percent reimbursement of their participation costs. This latter provision was adopted so that there would not be a large gap between the stipend received by a participant with a family income just below the 70 percent level and one with a family income just above the 70 percent level. It is expected that in the provision of participation cost stipends, there would be developed a graduated scale for reimbursement to those participants between the 70 and 100 percent BLS levels.

For constructive attainments such as completion of training, attainment of competencies, or self placement, a completion stipend is permitted. The Committee does not believe that a substantial portion of funds should be used to provide this type of stipend though relative to the other types of stipends provided.

The Committee supports the concept of a needs-based allowance system. Because the system is based on need, the Committee accepted an amendment to prevent the consideration of stipends or allowances as income in the computation of eligibility for other assistance programs. Additionally, the Committee hopes that the Secretary of Labor will develop standard tables from which uniform local policy can be developed for the provision of allowances. The factors used in the calculation of need are not discretionary and are conducive to the development of such uniform local policy. In determining need, it is the intent of the Committee that individual need will be calculated once, upon entry into the program, and will be adjusted only on the basis of significant change in the family income. A need-based allowance system is a positive change by which more direct targeting of resources can be achieved.

*Wages*

Section 122, in addition to establishing the needs-based allowance system, also sets out the standards controlling wages paid to participants in the relatively limited number of activities under H.R. 5320 which provide employment or employment experience, such as summer youth employment programs. Participants in such activities are to receive wages which are not less than the highest of the federal minimum wage, the State or local minimum wage, or prevailing rates of pay for persons similarly employed by the same employer.

*Union concurrence requirement*

The bill prohibits impairment of existing contracts for services or collective bargaining agreements. In order to establish a procedure to enforce this requirement, the bill also requires written concurrence from local labor unions on any elements of proposed activities (such as

proposed conditions of employment under on-the-job training or work experience) that might impair or undermine existing collective bargaining agreements. This provision, in no way, is intended to weaken or qualify the prohibition in Sec. 123(b)(2). The Committee intends that the determination be made jointly by the program operator and affected local union.

*Reallocation of funds*

The Committee intends that only funds the prime sponsor has not obligated in line with an approved plan be subject to reallocation. Specifically, unexpended funds that have been legitimately obligated should not be subject to reallocation. The Committee accepted an amendment to require that when the Secretary withdraws funds which a prime sponsor has not obligated, the Secretary must then reallocate, or re-use, those funds in line with established procedures. The Committee does not sanction the withdrawal of funds from a prime sponsor unless that action is followed promptly by a reallocation of such funds.

*Advance funding*

The Committee bill contains advance funding provisions which reflect the Committee's concern that program operators have sufficient notice of funding to develop plans with appropriate coordination at the State and local levels.

The Committee recognizes that the budget and appropriations process will determine the actual implementation of this provision.

The Committee believes that the efficiency and effectiveness of employment and training programs would be markedly enhanced if the budget authority were enacted in an appropriation for the preceding year even though the authority to obligate the funds would still be effective in the year during which the funds are actually to be used. This would mean that formula allocations could be made in the spring of the year, well in advance of the beginning of the fiscal year. Adequate time for review of the plan would be afforded if prime sponsors knew their funding levels sufficiently in advance.

*Exhaustion of administrative procedures*

The administrative grievance procedures currently in effect under the Comprehensive Employment and Training Act are preserved in the Committee bill. In the Committee's opinion, these procedures have provided an orderly framework for complaint resolution in a manner consistent with fundamental due process and the requirements of existing law. However, the Committee wishes to make clear that the continuation of these administrative procedures should not be construed to prohibit, in every instance, an interested party under this Act from bringing a private suit in Federal District Court without first exhausting fully such administrative procedures. The Committee recognizes that it is particularly important that immediate access to the courts be available in certain situations, such as where significant emergencies exist which threaten irreversible harm in the absence of timely judicial intervention. The Committee also recognizes the necessity of timely resolution of complaints through the administrative procedures contained in the bill, and therefore states its intent that diligent efforts be pursued to minimize unnecessary delay.

## TITLE II

### PART A—GENERAL PROVISIONS

*Planning grants and performance bonuses*

The Committee bill reserves 5 percent of the Title II funds in the first year (fiscal year 1983) for planning grants, and in subsequent years for performance bonuses.

The purpose of the planning grants is to enable prime sponsors to undertake the activities needed to make the transition to the new job training partnership system replacing CETA. Extra costs incurred in better planning during such transition can be paid from these planning grants.

Other transition activities during fiscal year 1983 will include consolidating the previously existing youth programs into title II, which involves decisions regarding the appropriate allocation of funds between adult and youth activities.

An important activity during the transition year will be the establishment of the prime sponsor's performance goals.

During the transition year itself (six months after the enactment of the legislation), the Secretary must issue performance criteria specifying factors of performance. Minimum performance standards for the areas and groups being served in various programs will be issued by the Secretary, with variations and different weights given to the factors in the performance criteria so as to reflect local circumstances. Substantial effort and time must be devoted by every prime sponsor and PIC both in the consultation period prior to the Secretary's issuance of performance criteria and minimum standards, and thereafter in arriving at performance goals which a particular prime sponsor, together with the PIC, find suitable to propose in their plan. Therefore, a major use of planning grant funds during fiscal year 1983 will undoubtedly be the initial development of performance goals.

After fiscal year 1983, the 5 percent reservation of Title II funds will be used by the Secretary to reward those prime sponsors which have met or exceeded their performance goals for the preceding year. This 5 percent set-aside will then be allocated among all prime sponsors so qualifying in proportion to their shares of the regular Title II allocations. If all prime sponsors met or exceeded their goals, each would receive exactly 5 percent more than the regular allocation. To the extent that some prime sponsors do not qualify for this bonus, the other prime sponsors which do qualify would receive correspondingly greater bonuses.

### PART B—ADULT TRAINING PROGRAMS

*Eligibility*

Employment and training services under this title are targeted to those individuals who are unable to obtain or retain unsubsidized employment to enable them to become economically self-sufficient. The Committee bill provides a single income eligibility, but allows local flexibility to serve other individuals who are not economically disadvantaged but have other substantial barriers to employment. At least

ninety percent of the participants must be economically disadvantaged. Up to ten percent of the participants may be individuals, such as older workers, veterans, displaced homemakers, ex-offenders, or others, who have significant barriers to employment.

The Committee bill requires that fifty percent of the funds under this title must be used for youth, but provides for adjustments in the division of funds based on the proportion of youth in the area's eligible population. In addition, the bill allows up to fifteen percent of the funds in each part to be transferred for services in the other part. The intent of the Committee amendment is to assure substantial service to youth, while still providing local flexibility to serve other target population based on local need.

*Handicapped*

Recognizing the additional barriers to employment that individuals with handicaps experience, the Committee included language that provides for: (1) representation of rehabilitation agencies on both the Private Industry Council and the State Employment and Training Coordinating Council; (2) arrangements for the active involvement of rehabilitation agencies, among others, in the delivery of services; (3) supportive services to include special services and materials as may be necessary for the participation of the handicapped; and (4) inclusion, in the definition of economically disadvantaged, of handicapped individuals who individually meet the income requirement but whose family income does not meet the income eligibility requirements. Handicapped individuals are defined as those individuals who have physical or mental disabilities which constitute or result in substantial handicap to employment. It is anticipated that such individuals can be reasonably expected to benefit, in terms of employability, from employment and training services under the Act. If the definition of economically disadvantaged is not expanded to include them, many handicapped individuals who may be eligible presently for employment and training services would not meet the family income test for eligibility for such services under the committee bill. Yet such individuals are unemployed, have no income, and are unable to fully care for themselves. The Committee believes that family income should not prevent these individuals from receiving services which could make them self-sufficient. The committee expects the number of handicapped individuals from families with relatively high income to be limited.

*Displaced homemakers*

The Committee finds that displaced homemakers may suffer multiple barriers to employment, including age, sex, and in some cases race. (Displaced homemakers are former homemakers who, after an extended period of nonparticipation in the labor market, have lost their source of economic support through divorce, separation, widowhood, disability of spouse, ineligibility or pending disqualification for public assistance, or other causes.)

Many of the more than 4 million displaced homemakers in the United States are ineligible for income maintenance programs and social security benefits. Many also are not counted in unemployment figures and displaced homemakers as a whole average less than $5,000 per worker per year in income.

The Department of Labor has previously funded national programs for displaced homemakers. The Committee finds compelling cause for inclusion of displaced homemakers in activities conducted under Title II of this Act.

*Older workers*

The Committee underscores its continued deep concern over the special problems faced by older workers who remain underrepresented in federal job training, employment, and job search programs.

The Administration has proposed eliminating separate authority for the Title V community service jobs program under the Older Americans Act of 1965. This Committee has gone on record in its consideration of the fiscal year 1983 budget request to retain Title V as a separate, categorical program and maintain it at a funding level to insure that it will continue to provide 54,200 jobs to the low-income elderly. This new federal job training initiative, H.R. 5320, should not be in any way interpreted as a replacement for the Title V program—as DOL estimates clearly show that demand has always exceeded availability of Title V job slots. Rather, H.R. 5320 represents an additional avenue to provide complementary job training and assistance to older workers.

This Committee plans to vigorously monitor the implementation of this Act, to insure that older workers are represented in the population to be served and to insure that the unique needs of this valuable segment of our working population are fully addressed.

*Use of funds*

The Committee intends to provide maximum flexibility to local communities to determine the type of training or employment services to be provided. The Committee bill provides wide-ranging authority for activities such as job search assistance, remedial education, on-the-job training, apprenticeship programs, industry-specific training and other activities. The Committee believes that the prime sponsor and the Private Industry Council can best determine the mix of services to meet local needs and that the requirement to meet performance outcomes will determine the effectiveness of the local mix. The Secretary of Labor should not restrict through regulations, the proportion of funds which may be used for any particular activity.

The Committee also notes the findings of numerous evaluations of past training programs that the longer the duration of training, the more significant the impact on the participant's earnings and employment. Therefore, the Committee bill expressly prohibits the Secretary from disapproving any plan solely on the basis of the type or duration of training proposed.

The Committee believes that there is ample experience over the past decade on a wide range of effective training models from which to choose. For example, testimony delivered before the Committee indicates that programs such as the California Worksite Employment and Training Program can successfully combine close cooperation between training deliverers and potential or current employers with a program to upgrade the skills of those trapped in entry level positions. The Committee notes that failure to tailor skill training to the skill needs which actually exist in the region where a trainee is employed or is most likely to seek employment has been an impediment to the success of some training programs. One way to reduce this mismatch

between skill training and skill needs is to enlist actual or potential employers in the design of vocational curricula. A related problem has been that many people with minimal skills who enter the work force find that they are trapped in entry level jobs. Training programs which can offer these entry level job holders the added skills they need to advance, serve the dual purpose of enhancing the upward mobility of the trainee while opening up entry level jobs for the less well trained. Such programs are to be encouraged because they both improve the level of skill training delivery and contribute to the opening up of employment positions.

The Committee wishes to make clear that nothing contained in Sec. 232 (Use of Funds) should be construed as requiring itemization of the individual cost components of commercially available training packages, provided such packages are purchased competitively and include performance criteria. The Committee understands the concern of some providers that production costs of certain components of such packages may be regarded as trade secrets and that their disclosure may not be necessary where prices are competitive and appropriate performance criteria are included.

The Committee intends that training for occupations and industries with a high potential for sustained growth should be encouraged. The Committee believes it essential that education and training programs emphasize the preparation of students and workers for careers in high-growth demand occupations and industries such as electronics computers and other high-technology fields.

*On-the-Job Training*

The Committee has included on-the-job training (OJT) among allowable activities for which funds under this bill may be used, based on considerable evidence that it is perhaps the most effective of all existing training strategies. The Committee wishes to clarify its intent that OJT is not limited to private sector employers in H.R. 5320, but is also authorized for use in the public sector as it has been under the current employment and training programs. The Committee feels that the use of OJT, because of its proven success as a training tool, should not be limited to the private sector at a time when widespread unemployment will vastly diminish the possibility of its effective use as a mechanism for providing skill training to structurally unemployed and displaced workers. Moreover, the long-term growth in public employment opportunities, particularly at the State and local level, makes preparation for public sector careers a valuable training option.

Compensation rates for OJT participants are to be established by regulations of the Secretary which appropriately reflect such factors as industry and regional differences and varying skill requirements and proficiencies. However, such rates shall not be set below the Federal minimum wage or the applicable State or local minimum wage, whichever is higher.

*Customized training requirement*

The bill contains a new emphasis on customized training, i.e., training where specific employers or groups of employers are either actually involved in the design and/or performance of the training or have made a commitment to hire trainees enrolled in other forms of train-

ing upon their completion of training. Section 233 of this bill would require that prime sponsors enroll adult trainees in customized training to the maximum extent possible, taking into consideration local economic conditions. Two other provisions of the bill would facilitate customized training agreements by: (1) allowing funds to be used for "employment bonuses" to private employers who hire trainees on a permanent basis upon completion of training, and (2) excluding additional administrative costs incurred in the development of customized training from the 15 percent cap on administrative costs imposed by Section 121(p)(1). The committee also cautions against overregulation of the employment bonus provision, but encourages flexibility so that the program does not become overburdened with red tape as has been the case with the targeted jobs tax credit program. The Committee does not intend that employment bonuses account for more than one-half of the wages paid to an eligible individual for the first six weeks of employment beyond completion of training.

*Youth preparatory programs*

The Committee continues to support and recognize the need for youth employment and training activities. Considerable data have been collected from the youth programs that were operated under the Youth Employment and Demonstration Projects Act first enacted in 1977. It is the belief of the Committee that provisions for youth in this bill must build upon what has been learned already.

The unemployment rate for youth in April was 23 percent. Typically unemployment rates among teenagers and young adults have been much higher than the rates of older labor force participants.

The National Commission for Employment Policy in its Seventh Annual Report expressed a great concern for young people who are not being adequately prepared for adult work roles. The report stated:

> Analyses of the causes and consequences of early labor market failures suggest the likelihood that, if the causes are not treated, the individual is at risk of facing serious labor market problems as an adult as well . . . [W]ithout having mastered the basic skills needed to get and hold a job the risk of failure will persist. Moreover, there is evidence that experiencing a sustained lack of employment while young may "scar" people and cause them to have lower earnings later in life.

The Committee recognizes that there is no single solution to deal adequately with the multiple determinants of youth unemployment. The intention is to provide a broad range of activities to remedy the structural nature of youth unemployment. Funds for youth programs may be used to provide similar activities allowable under the adult programs in this bill. The special needs of youth require distinct programs and performance outcomes. The bill provides for these special needs by including language that stresses a developmental approach to youth unemployment problems.

The Committee is cognizant of the need for early intervention for those youth who are at risk in the labor market. To meet this need, the Committee adopted amendments that allow for the participation

of youth ages 14 and 15 in preemployment skills training programs and in summer youth programs (on an income eligible basis). The intent of the Committee is not to require an income eligibility test for participation in preemployment skills training programs for 14-and-15 year olds. Preemployment skills training programs are intended to provide basic employability skills to youth through individualized instruction so that they are capable of obtaining a job and are familiar with the expectations regarding their behavior and attitudes on the job in order to continue their participation in the labor force. The Committee recognizes the need to provide the opportunity to become job ready early, and therefore stresses the need to emphasize this component for youth age 14 through 16. Limiting the instruction to 200 hours indicates that the Committee does not intend this program to become a substitute for, or a way to fund programs that should continue to be, part of a school's basic curriculum. The material, program specifics and instruction should respond to the employability needs of the youth and their long-term labor market participation.

The committee intends that both in-school and out-of-school youth be eligible for services under the provisions of this bill. It supports the roles of education and training as fundamental components of the youth programs and sees the attainment of general education diploma requirements and basic education competencies of participants as positive performance outcomes.

The Committee has heard from representatives of the business community that a basic requirement for the individuals they want to hire is reading, writing and computation skills. Drop-out rates are strikingly high in many inner cities, sometimes because the schools are not capable of the flexibility required to meet the needs of all the students they are mandated to serve. Recognizing both the needs for basic skills attainment and the need for a wide range of possible learning sites to reach dropouts to provide services, the bill language allows learning centers to be located throughout the community, not just restricted to schools. The Committee hopes that the expertise gained in the provisions of such "education for employment" services under the previous employment and training legislation will not be dissipated. Therefore, priority in the selection of service providers is given to previously funded in-school and community-based organization projects that have been both cost-effective and have demonstrated success.

The Committee is also aware that private organizations have provided services under certification by appropriate State authorities. There is no intention in this bill to diminish the role such organizations have had in the past in providing preemployment skills training and education for employment programs.

The Committee fully recognizes that both the content and form of instructional programs are State and local responsibilities. The term "individualized" as used in these sections of the bill signifies that instructional programs must be capable of meeting the needs of each young person receiving services. It should not be construed to mean that an individual employability plan must be developed for each participant, nor that a specific method of instruction be used. The committee does believe that in order to meet these needs, adequate individual assessment must be made prior to participation in these programs.

*Try-out employment*

Of particular concern to the Committee, and an issue that was raised in testimony before the subcommittee, is the inclination of employers to prefer to hire more experienced or mature workers for many kinds of jobs. The risks and paperwork associated with hiring young people are often greater than employers are willing to bear. Therefore, it is difficult for disadvantaged youth, in particular, to obtain their first job in the labor force. First jobs are critically important in the development of an attachment to the labor force.

The Committee believes that it is extremely important to reduce these barriers and provide a means by which youth who typically have difficulty obtaining that first job, can gain employment experience. It is expected that this employment experience should be coupled with enrollment in a secondary school or in an institution offering a certified high school equivalency program. The committee expects that education and employment are required "in tandem" for youth who are at risk or expect to enter the full-time labor force upon school completion.

Try-out employment provides an opportunity for youth to gain supervised worksite experience where the prime sponsor pays the wages, thus reducing the risk and paperwork burden to the employer. Priority is given to assignments in private, for-profit worksites, but placement in public and non-profit worksites is acceptable if the private for-profit worksite is not available.

The intention is that try-out employment be a short term employment experience, where the youth would not have normally been hired, and that if the "employer" does not hire the participant after the try-out experience, further try-out participants will not be placed with that employer. This program should not be viewed by employers as a means by which they can have a continuous flow of low-paid, short term employees. There should be some commitment to continue the youth after the try-out experience.

If the worksite is a public or private non-profit agency, the job should provide for community improvement services that complement community expenditures for such things as revitalization, preservation, maintenance or rehabilitation of public property, energy conservation and weatherization measures, assistance and care within public institutions, and crime prevention.

It is expected that participants in try-out employment will be required to meet performance and attendance standards related to the employment assignment. Participation can be terminated on the basis of unsatisfactory compliance with these standards.

The Committee does not intend for try-out employment to result in the abuse of youth nor does it intend any displacement or abuse of those already at the worksites involved in such a program.

The final development component is school-to-work transition. The intent is to provide assistance to high school seniors who plan to enter the full time labor force upon completion of school or to those youth who drop out. If immediate information regarding job availability, job search assistance or referral to other training programs is provided, the Committee anticipates that many of these youth can become gainfully employed.

*Summer youth employment programs*

The Committee believes strongly that the statutory authority contained in H.R. 5320 for the provision of full-time summer employment opportunities for youth is an indispensible adjunct to all other training activities targetted on economically disadvantaged and chronically unemployed young adults.

Past experience has shown that summer jobs—even during periods of significantly less severe youth joblessness—represent the only opportunity for many youth to maintain even the most minimal contact with the labor market. The Committee thus believes that summer youth employment programs constitute lifelines connecting our society with its poorest and least-skilled youth.

Furthermore, the Committee is assured that its decision to continue authority for summer youth employment programs is fully justified by evidence of appreciable program improvement in recent years. Committee oversight of existing CETA summer youth employment programs clearly indicates that efforts undertaken to tighten the local management of these programs and strengthen the supervision of daily work experience activities have met their objectives of imparting increased employability skills to participants and improving overall program efficiency.

H.R. 5320 expressly authorizes summer youth employment programs operated by public and private non-profit institutions which must provide useful work experience, training, and other activities, all of which must be designed to enhance the employability of participants. Economically disadvantaged youth aged fourteen through twenty-one, inclusive, are eligible to participate.

*Education standards*

It is not the intention of the Committee to require that only fully certified teachers be used as instructors in these programs. While appropriate State and local education standards will insure quality programs, the flexibility to use as instructors those individuals with actual experience and first-hand expertise in lieu of academic credentials should not be precluded.

## Title III

*Employment and training assistance for displaced workers*

The Committee regards the employment problems of displaced workers as a matter of growing severity and importance to the Nation's economic health. Hundreds of thousands of skilled workers have become involuntarily unemployed because of structural changes in the economy such as technological change or changes in consumer demand. These workers are likely to remain unemployed even after the overall economy improves. It is clear that the loss of productivity created by the idleness of skilled workers and the economic drain on unemployment compensation and other forms of public assistance represents an enormous cost to the Nation.

A number of factors impede adjustment of these workers into expanding occupations or industries including: nontransferability of firm-specific skills, reluctance to relocate and poor information on labor market conditions.

The Committee bill authorizes a comprehensive program of training and employment services to displaced workers. The program is administered at the state level and requires local coordination with prime sponsors and private industry councils and active involvement of affected labor unions. Under this program, displaced workers can be provided job search assistance, labor market information, retraining, and relocation assistance to aid the transition from low demand skills or industries to stable or growing occupations.

The Committee bill includes a provision which requires funds distributed by formula under this title to be matched with public or private non-federal sources. The Committee expects the matching funds to come from private industry as well as public sources. The matching provision allows flexibility for those areas experiencing severe unemployment. The Secretary is required to develop regulations adjusting the matching requirement for States with unemployment in excess of the national average. The direct cost of employment and training services under other programs, such as vocational education, may be applied toward the match. In order to encourage States to provide unemployment compensation to laid off workers while they are participating in training programs under this title, the Committee bill allows the cost of unemployment compensation paid to such workers to be applied to the match. This provision applies only to unemployment compensation payments paid by the State to participants in training programs in the State funded under this title.

Twenty-five percent of the funds are retained by the Secretary to provide immediate assistance to those areas with unexpected increases in unemployment as a result of mass layoffs, natural disasters, Federal Government action, or to areas of chronic high unemployment or designated enterprise zones. These funds are available through application with no match required. The intent of the Committee is to provide the capability to the Secretary to respond quickly in emergency situations or to assist areas with unusual demonstrated need.

The Committee wishes to make clear that public as well as private employees may be permanently displaced and in the need of retraining, relocation or job search assistance under this title. Governmental decisions to close facilities, such as mental hospitals or military installations, can have a major economic impact on the community in which they are located as well as the employment prospects of their employees.

## TITLE IV

### PART A—NATIONAL EMPLOYMENT AND TRAINING PROGRAMS

*Native Americans*

The Committee bill insures the continuation of Indian and Native American programs as national programs, centrally administered by a special unit within DOL's national office. A minimum funding formula is included to guarantee the availability of funds and to supplement funds that Indian and Native American tribes and organizations may receive through other programs authorized in the bill.

Various provisions of the Committee bill, including those setting forth the purposes of the programs, relating to allowable activities and providing for separate regulations and performance standards, clearly

indicate the unique nature of these programs and the conditions under which they operate. The Committee intends by these provisions to authorize Indian and Native American recipients to develop a program mix, including subsidized work experience, that is relevant to the severe unemployment problems in Indian and Native American communities.

The Committee wishes to point out that the non-exclusive listing of examples of "other groups and individuals of Native American descent" contained in existing CETA statutory language has been modified to reflect only a technical correction. Mention of several groups previously listed does not occur in section 401 of the Committee bill only because such groups have become federally recognized and are now eligible as such, thereby obviating any need for specific illustrative mention. The Committee further clarifies its intent that this technical modification not affect eligibility, and that the language "other groups and individuals of Native American descent" contained in section 401 continue to be broadly construed to include, among others, terminated, State-recognized, or other groups or individuals previously receiving assistance under the Comprehensive Employment and Training Act.

*Migrant and seasonal farmworkers*

In order to maintain continuity of services to migrant and seasonal farmworkers during the transition from CETA to the Job Training Partnership Act, the Committee recommends that the Secretary provide for the continued operation for a two year period for those farmworker program grantees in existence at the time of enactment of this Act.

The Committee provides for the Secretary to designate grantees for two year periods because, in the Committee's view, the administrative costs attendant to the annual competitive process would be excessive and unnecessary. Limiting the competitive process to once every two years would be a cost-effective step which would enable grantees to better prepare long-time plans yet maintain the integrity of the competitive process. This is consistent with the other provisions of the Commitee bill for planning on a two-year basis.

PART B—JOB CORPS

Because of the exemplary success which the Job Corps has demonstrated over a number of years in making the hardest-to-employ youth employable, the Committee believes it is most important to continue this program without the disruption engendered by unnecessary changes in authorizing provisions. Therefore, most existing provisions of law are extended with little or no change.

The Committee states clearly its intent that the continuity and uniqueness of the Job Corps—predicated upon the program's independent, national status—be preserved at both the programmatic and administrative levels. One key to the Job Corps' continued success has been the stability occasioned by the program's relative freedom from frequent policy shifts which have plagued other employment and training initiatives.

However, a number of modifications are included in H.R. 5320 to improve the capacity of the Job Corps to meet its program missions. The bill raises the maximum age limit on participation from under twenty-two to under twenty-five years of age. The Committee is of the belief that young adults who are made eligible by this change confront essentially the same pervasive barriers to employment as do younger individuals who are currently eligible. The Committee also believes that these young adults can benefit significantly from the kind of intensive intervention Job Corps provides before they have established long records of chronic adult joblessness which become increasingly difficult to reverse with the passage of time. However, the Committee also recognizes that these older enrollees may possibly display different characteristics and needs, and may require somewhat different training strategies, than current enrollees. Thus, the bill provides the Secretary with the authority to devise regulations permitting the participation of these older individuals according to their needs in a manner consistent with the basic Job Corps program. Certainly, it is not the Committee's intention to convert the Job Corps into a program operated predominantly for individuals above the age of twenty-one.

Although H.R. 5320 also increases the minimum age limit for participation from fourteen to sixteen years of age, it provides the Secretary with the flexibility to establish regulations to allow the provision of limited non-residential services to youth aged fourteen or fifteen.

To encourage local coordination of Job Corps Centers and prime sponsors for the purpose of increasing the likelihood that youth facing particularly severe barriers to employment will be most appropriately served, the bill includes prime sponsors among those agencies considered especially appropriate for the screening and selection of Job Corps applicants.

H.R. 5320 authorizes the establishment of advanced career training programs in which selected corpsmembers who have attained a high school diploma or its equivalent and demonstrated special ability, commitment, and direction can continue their participation for an additional year in post-secondary programs or intensive, company-sponsored training programs which include worksite internships. The Committee believes that such programs are consistent with the basic Job Corps philosophy of providing graduated incentives to encourage increased performance and the attainment of demonstrable goals. At the same time, however, the Committee does not intend for such programs to result in a disproportionate diversion of substantial resources away from basic services for the general corpsmember population. Therefore, the bill requires that after a period of time sufficient to allow an advanced career training program to mature beyond the normally problematic startup phase, such a program can continue only if it demonstrates reasonable rates of completion and appropriate placement. The term "reasonable" is intended to provide the Secretary with the necessary flexibility to devise objective criteria based on such relevant factors as local economic conditions, participant characteristics, and relative cost-effectiveness, among others.

Because the Committee believes firmly that the provision of allowances and support to participants is a critical ingredient in Job Corps

effectiveness, this bill makes the payment of basic allowances mandatory and increases the maximum amount receivable by individual corpsmembers for both personal and readjustment allowances. After fiscal year 1983, these maximum allowance limitations are to be proportionately adjusted to reflect changes in the cost of living.

The Committee takes note of the fact that Job Corps centers are often referred to as learning laboratories, because they have frequently been developmental sites for innovative advances in training technologies and curricula. In this regard, H.R. 5320 includes a number of provisions designed to improve national dissemination of data concerning successful Job Corps strategies to related programs. Also, the bill encourages the mutual exchange of information at the local level between Job Corps centers and various other training-related entities by requiring each center director or his designee to act as liaison officer to such entities and by permitting such activities as joint training sessions at Job Corps centers, assisted by national training and technical assistance and research programs, for appropriate staff from Job Corps, prime sponsors, education and vocational education agencies, etc.

The bill also authorizes two new pilot project initiatives. The first, which would allow the Secretary to arrange directly for the operation of one or more centers by community-based organizations of demonstrated effectiveness, is undertaken to determine the extent to which such organizations can contribute to an enhancement of community involvement in center affairs. The second, which authorizes the Secretary to establish pilot projects to prepare youth to qualify for military service, responds to the growing need of national defense for better trained recruits in an era when military duty increasingly requires complex technological skills.

The Committee wishes to clarify its intent in extending the existing language of section 466(c) of the Comprehensive Employment and Training Act, which states "Transactions conducted by private-for-profit contractors for Job Corps centers which they are operating on behalf of the Secretary shall not be considered as generating gross receipts." The Committee's intent in reenacting this provision as section 437(c) of H.R. 5320 is consistent with its original intent in adding this language in the first place; that is, merely to clarify and statutorily ratify what it viewed as the proper and longstand- transactions arising out of center operations, because these contractors operating Job Corps centers and the Secretary of Labor. Specifically, the purpose of this provision is to make clear that such contractors are not subject to State gross receipts and similar taxes with respect to transactions arising out of center operations, because these contractors are carrying out the statutory function mandated to the Secretary, namely, the education and training of corpsmembers who are themselves Federal employees for several purposes.

Finally, the Committee cannot express strongly enough its desire that the Department of Labor not undertake precipitous planning actions in the current fiscal year which would operate to retard either the scope or substance of Job Corps programs as authorized for fiscal year 1983 in this bill. The Committee believes firmly that such planning actions regarding anticipated allocations, enrollment levels, or program policies, taken in the absence of specific Congressional

action, are totally unwarranted, jeopardize program stability and efficiency, and pose very real threats to the realization of Congressional intent.

PART C—MULTISTATE PROGRAMS

*Projects with industry*

The Committee finds that the Department of Labor's "Project With Industry" program to promote employment of qualified disabled persons in the electronic, as well as other, industries has demonstrated its cost effectiveness through the placement of over 1,000 disabled persons in competitive employment in industry. The program represents a cooperative effort among many companies and rehabilitation organizations in six locations across the country. The Committee, therefore urges the Secretary to continue funding this program in 1983.

*Veterans*

The Committee adopted an amendment pertaining to veterans employment and training services provided through the Department of Labor. This provision defines veterans employment as a national responsibility which should be administered at the federal level. It requires the Secretary of Labor to meet the employment and training problems of veterans through grants or contracts with public and private agencies with funds already authorized in many sections of this Act. Administration for these programs would be channeled directly through the Office of the Assistant Secretary of Labor for Veterans Employment, a position which the Congress created under Public Law 96–466. The provision adopted by the Committee also requires full cooperation and coordination between the Department of Labor and existing employment, readjustment and job training programs authorized by the Veterans' Administration.

*Research, Demonstration, and Evaluation*

The Committee recommends the continuation, to the greatest extent possible, of previously-funded, on-going demonstration projects currently in mid-course and of demonstrated value. As an example, the Committee encourages further funding for demonstration projects offering supported work for the very hard-to-employ, including ex-drug addicts, the mentally retarded, and long-term welfare recipients. Pilot projects in this area have indicated promise in these programs for providing skill training to facilitate the transition of such workers to unsubsidized private sector employment.

The Committee wishes to reiterate its concern over the lack of adequate research and demonstration projects which focus on the nation's changing demographics as they relate to the older worker. The Department of Labor, in undertaking projects under Title IV of this legislation, should seek to approve those projects which will assist in the development of employment and training programs which will have current, as well as future relevancy to the ever-changing needs of our national workforce.

PART D—LABOR MARKET INFORMATION

The Committee recognizes the importance of maintaining and strengthening a labor market information system that provides eco-

nomic data at the national, state, and local levels on the number and types of people and jobs that are available in labor market areas. This information, particularly occupational information, which provides that basis for matching people's skills to job skills is crucial to the process of training, program planning, management, and operation. At the federal level, labor market information is also used for the allocation of funds to state and local areas under many different laws and thus its accuracy and timely availability are critical to ensure that the Congressional intent under those laws is upheld.

The Committee's bill (Title IV, Part D), builds on current requirements and mechanisms to provide labor market data that complements the purposes of the bill by strengthening the emphasis on the efficient and coordinated production of data among the numerous federal and state agencies involved.

The Committee recognizes that a comprehensive, consistent system of labor market information at the federal, state and local levels requires federal leadership. The Committee's Bill (Section 452) requires that the Secretary of Labor adopt standard definitions and statistically reliable methods in the provision of unemployment, underemployment, and hardship data for the nation, state and local areas. It expands current requirements by providing for the development and maintenance of data which describes occupational employment, job openings, and job characteristics. It requires that the Secretary develop and maintain household budget data at different levels of living and data which relate labor force status to earnings and income. The Committee also felt compelled to require the continued collection of data which describes occupations, and data which provides current and projected occupational demand.

The bill requires that the Secretary of Labor work closely with the Secretaries of Commerce, Defense, Treasury, and Education and the Director of the Office of Management and Budget in meeting the labor market information coordination functions of reviewing all operating data systems to identify areas for improvement, implementing national standards, and providing technical asistance to states.

The Committee bill expands the membership of the National Occupational Information Coordinating Committee as specified in the Vocational Education Act of 1963 to include the Assistant Secretary of Commerce for Economic Development and the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics because of the significance of their areas of responsibility in terms of labor market impact. Further, the Committee bill builds on the experience of the National and State Occupational Information Coordinating Committees in specifying that occupational supply, demand, and characteristics information will be tailored both to the career information needs of labor force entrants and participants and to the data needs of education and training program planners who are charged with matching individuals' job goals with skills required in available jobs. The Committee bill requires that the National Occupational Information Coordinating Committee communicate directly with the Office of Management and Budget concerning more efficient production of occupational data by federal agencies and that it report to the Congress annually concerning the progress of coordinating occupational information use.

The Committee bill further provides that the occupational supply and demand information developed by the National and State Occu-



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pational Information Coordinating Committee be complemented by a nationwide Job Bank program that includes all suitable employment openings listed by state employment service agencies.

*Plant closing*

During the last eight years the Education and Labor Committee and its counterpart in the Senate have held numerous hearings on the phenomenon of economic dislocation resulting from industrial plant closings and relocations. The Committee has gathered volumes of evidence that plant closings occur in every part of the country and often have disastrous effects on the workers who lose their jobs, or their families, and on the communities where the closings occur.

At no time, however, has the Committee succeeded in obtaining accurate figures concerning the scale, nature and location of plant closings. Reasonable estimates vary from a tentative figure of 400,000 jobs lost annually, developed by the National Commission on Employment Policy in 1979, to a figure of 2.5 million jobs lost annually, developed by economists Bennett Harrison and Barry Bluestone in 1980.

It is clear that our Nation's industrial base is shrinking and that this fact has important implications for national security and economic policy. The Committee believes that Congress cannot properly address the problems of economic dislocation without more information about which industries, which areas of the country and how many people are being affected. An accurate annual report by State and region will allow Congress to understand the geodemographic impact of major transitions in our economy as they occur.

The Committee intends "plant closing" to mean a change in the operation of a manufacturing or mining facility which leads to the permanent loss of 50 or more jobs, whether as the result of the termination, reduction, or relocation of a particular operation.

PART E—NATIONAL COMMISSION ON EMPLOYMENT AND PRODUCTIVITY

The Committee recognizes that the National Commission for Employment Policy has been a valuable source of relevant, objective information and nonpartisan policy advice on employment and training issues.

Because the Committee recognizes the importance of increased productivity, the Committee recommends adding responsibility in this area to the Commission's functions and reconstituting the Commission as the National Commission on Employment and Productivity. It is the Committee's intent that the new Commission be established as a nongovernmental independent agency comprised of prominent individuals appointed by the President and the Congress.

Continuity of staff and facilities during the one year transition period and thereafter will assure that the newly constituted Commission is fully involved in carrying out both its new and continuing responsibilities.

In requiring the Commission to advise the Secretary on the development of national performance criteria, the Committee intends that the Commission report on its assessment of the criteria. Once the criteria are applied, the Commission should advise the Secretary and report on

the validity, reliability, and practicality of the adopted criteria as measures of desired performance, and evaluate the impacts of such standards (intended or otherwise) on the choice by prime sponsors of who is served, what services are provided, and the cost of such services.

## TITLE V

### AMENDMENTS TO OTHER STATUTES

*Wagner-Peyser Act amendments*

The Committee bill amends the Wagner-Peyser Act in order to achieve coordination between the job training system and the employment service system. The employment service and prime sponsors are to develop plans jointly, and then to transmit such plans to the State Employment and Training Coordinating Council. The bill provides for certification by such council similar to the requirement that community job training plans submitted by prime sponsors by certified by the council as consistent with the Governor's coordination criteria. Final approval authority is retained by the Secretary of Labor.

The Committee expects the funding and planning cycles of the job training and employment service system to have parallel time frames to the greatest extent possible. This is essential for the rational development of plans in both systems, so as to achieve an appropriate degree of coordination.

The Committee bill provides that funding allocations under the Wagner-Peyser Act for operating the employment service shall move toward a needs-based formula. In the past, there has been no statutory formula, and the administrative formula for distributing such plans has emphasized placement factors which have proven counter-productive, acting as disincentives for serving the disadvantaged and for using innovative techniques such as group job search activities.

Under the Committee bill, 90 percent of each years' funding will be distributed among the States on the basis of the prior year's allocations. The remainder would be distributed on the basis of unemployment and civilian labor force factors. The total allocations made to the states as described in the two preceding sentences would be adjusted so as to assume that no state's share would be less than 0.28 percent of such total allocations. Accordingly, the distribution formula would, in future years, reflect to a progressively greater extent each State's needs for such services in terms of statistics reflecting the numbers of potential users in the population.

The Committee bill would reserve 10 percent of Wagner-Peyser allocations for each State for use by the Governor for performance incentives, special services, and exemplary programs.

*Amendments to the Work Incentive Program*

The Committee bill amends the Work Incentive Program (WIN) to emphasize the provision of job search assistance services.

Under current law, the WIN program is authorized to serve program participants with a variety of employment, job search, training, and supportive services. Some participants may receive job search assistance services, while others may receive other employment and training services.

Under the Committee bill, WIN registrants will be required to participate in an intensive job search assistance program for a period of 5 to 8 weeks duration immediately following their registration in the program. For most registrants, the intensive program will consist of participation in a group job search program involving daily attendance; but, for some registrants, rigid adherence to the daily job search requirement may not be appropriate in every circumstance. A few registrants may be served through an individualized job search approach.

Limited exceptions may be made to the requirement that registrants participate in the intensive job search program. Persons who are exempted from the requirement may be offered short term services needed before they can effectively participate in the job search program. Exceptions may also be made for a temporary illness or other short-term problem.

FUNDING

The Committee bill authorizes $5.4 billion for fiscal year 1983 and such sums as may be necessary thereafter for programs and services under the Job Training Partnership Act. The authorization includes $3.5 billion for employment and training services for the disadvantaged; $1 billion for services to displaced workers, $650 million for the Job Corps, $20 million for labor market information and $230 million for other national programs, including programs for migrants and Native Americans.

The Committee notes that the authorization level for programs under this Act is reduced 47 percent from the 1979 level authorized by Congress for employment and training under the Comprehensive Employment and Training Act. Unemployment at that time was 5.8 percent. The national unemployment rate at the time of this report is 9.4 percent. Moreover, structural changes in the economy have increased the number of displaced workers in need of retraining and employment assistance, and the number of persons without skills entering the labor force, including minority youth, who are in need of training to compete for jobs in a technologically advanced society has grown alarmingly.

The Committee estimates that programs funded at the full authorization level would serve approximately 2,250,000 participants depending on the local mix of services. The authorized level would serve only a fraction of the eligible population, as the Congressional Budget Office (CBO) has estimated that more than 16 million persons are eligible for Title II services alone.

The Committee believes that investment in a skilled and flexible workforce is as vital to a healthy economy as investment in plant and equipment. Indeed, investment in such capital stock is dependent on skilled workers to build, operate and maintain equipment and to provide services in an increasingly complex economy. To pursue the Administration's policy of reducing public expenditures for human

capital investment for short run budget reductions is a short-sighted policy which will prove to be costly and, perhaps, irremediable in the years to come.

COMPARISON OF EXISTING FUNDING LEVELS WITH PROPOSED FISCAL YEAR 1983 APPROPRIATIONS AUTHORIZATIONS IN JOB TRAINING PARTNERSHIP ACT (H.R. 5320)

[By fiscal year, in millions of dollars]

| Program | 1981 actual | 1982 continuing resolution | 1983 President's budget | 1983 CBO current policy | 1983 committee reported H.R. 5320 |
|---|---|---|---|---|---|
| Title II—Employment and training programs for disadvantaged adults and youths | [1] 3,077 | [1] 2,181 | 1,800 | 2,403 | 3,500 |
| Sec. 267—Summer youth employment programs | 839 | 640 | 0 | 734 | (2) |
| Title III—Displaced workers | NA | NA | NA | NA | 1,000 |
| Title IV—A, C, E, national programs | 291 | 179 | 200 | 270 | 230 |
| Title IV-B—Job Corps | 561 | 586 | 387 | 632 | 650 |
| Title IV-D—Labor market information | | (Included in national programs above.) | | | 20 |
| Total | 4,768 | 3,586 | 2,387 | 4,039 | 5,400 |

[1] Existing CETA title II-B, C, title IV-A, and title VII (does not include $2,690 billion in fiscal year 1981 for PSE under title II-D and VI).
[2] Included in above.

## CBO Cost Estimate

U.S. Congress,
Congressional Budget Office,
*Washington, D.C., May 10, 1982.*

Hon. Carl D. Perkins,
*Chairman, Committee on Education and Labor,*
*U.S. House of Representatives, Washington, D.C.*

Dear Mr. Chairman: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 5320, the Job Training Partnership Act.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

Alice M. Rivlin,
*Director.*

### Congressional Budget Office—Cost Estimate

May 10, 1982.

1. Bill number: H.R. 5320.
2. Bill title: Job Training Partnership Act.
3. Bill status: As ordered reported by the House Committee on Education and Labor, April 27, 1982.
4. Bill purpose: The purpose of this bill is to permanently authorize appropriations for employment and training programs. This bill is subject to subsequent appropriation action.

5. Cost estimate:

[By fiscal year, in millions of dollars]

| | 1983 | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|---|
| Title II: Employment and training services for the disadvantaged: | | | | | |
| Estimated authorization level | 3,500 | 3,759 | 4,039 | 4,376 | 4,670 |
| Estimated outlays | 2,555 | 3,689 | 3,963 | 4,249 | 4,511 |
| Title III: Employment and training assistance for displaced workers: | | | | | |
| Estimated authorization level | 1,000 | 1,074 | 1,154 | 1,236 | 1,320 |
| Estimated outlays | 500 | 1,037 | 1,114 | 1,195 | 1,278 |
| Title IV–A, C, D, and E: National employment and training programs: | | | | | |
| Estimated authorization level | 250 | 269 | 289 | 309 | 330 |
| Estimated outlays | 188 | 264 | 284 | 304 | 325 |
| Title IV–B: Job Corps: | | | | | |
| Estimated authorization level | 650 | 698 | 750 | 803 | 853 |
| Estimated outlays | 520 | 688 | 740 | 792 | 847 |
| Total, estimated: | | | | | |
| Authorization level | 5,400 | 5,800 | 6,232 | 6,674 | 7,173 |
| Outlays | 3,763 | 5,678 | 6,101 | 6,540 | 6,961 |

The costs of this bill fall within function 500.

6. Basis of estimate: This bill authorizes appropriations of $5,400 million in fiscal year 1983 and such sums as may be necessary for succeeding fiscal years. Title II authorizes employment and training programs for the economically disadvantaged. In 1983, $3,500 million is authorized for appropriations. Title III authorizes appropriations of $1,000 million in 1983 for employment and training assistance for displaced workers. Title IV, Parts A, C, D, and E, authorizes appropriations for national employment and training programs. In 1983, $250 million is authorized for appropriations. Finally, Title IV–Part B authorizes 1983 appropriations of $650 million for the Job Corps.

The 1983 authorization level for each title is stated in this bill. The estimated authorization levels for 1984 through 1987 are based on projected cost increases of the 1983 authorization level for grants to State and local governments. Full appropriation of the estimated authorization levels is assumed in this estimate. Although this estimate assumes outyear authorization levels based on the 1983 stated authorization level, the such sums as may be necessary authorization contained in this bill would permit a much larger appropriation. The eligible population served in this bill, for example, far exceeds the estimated number of participants assumed in this estimate. In the past, however, these programs have never been funded at a level that would permit all of those eligible to participate.

Advance funding of appropriations is authorized in this bill. A 1983 advance appropriation, for example, provides funds available for obligation beginning in 1984. For 1983, the transition to advance funding results in authorization of appropriations for both the current year and the advance funding for 1984. The estimated authorization levels, however, reflect the year funds are available for obligation rather than the year they are appropriated.

Outlays for Titles II and IV in this bill are based on historical spendout rates for employment and training programs currently funded under the Comprehensive Employment and Training Act (CETA). Title II authorizes a range of employment and training services for the economically disadvantaged. Services authorized under Title II are similar to programs currently funded under Title II–BC,

Title IV–A youth programs, summer youth, and the private sector programs of CETA. Outlays for Title II assume the spending pattern that exists in the current set of CETA programs. Similarly, Title IV (Parts A, C, D, and E) outlays are based on historical spending patterns for national programs currently funded under CETA. Outlays for the Job Corps (Title IV–Part B) are based on spending patterns of the existing Job Corps program.

Outlays in the first year for Title III are assumed to be lower than the other programs authorized in this bill. Title III authorizes employment and training services for displaced workers; a broadly defined group not currently funded under CETA. In addition, unlike the other programs in this bill, Title III has a State matching requirement. Since Title III authorizes a program that differs from current employment and training programs, the spending rate is assumed to be lower than for the other employment and training programs in this bill.

7. Estimate comparison: None.
8. Previous CBO estimate: None.
9. Estimated prepared by: Stacey Sheffrin.
10. Estimate approved by:

JAMES L. BLUM,
*Assistant Director for Budget Analysis Division.*

The Committee concurs with the Cost Estimate submitted by the Congressional Budget Office.

## INFLATIONARY IMPACT

H.R. 5320 represents a genuinely bipartisan effort by the Committee on Education and Labor to exert positive influence on a number of factors which produce both long- and short-term inflationary pressure.

The Committee notes that the rate of inflation has fallen in recent months due to the impact of the severe recession which the economy has been, and is now, experiencing. From a long-term perspective, one of the Committee's primary objectives in adopting H.R. 5320 is to ensure that when the economy eventually recovers, existing distortions in the labor supply are mitigated so that an inadequate labor force does not contribute to a refueling of inflation. Without the kind of training intervention provided to both structurally unemployed and displaced workers by H.R. 5320, existing skill shortages in critical and growth industries are projected to worsen drastically throughout this decade and beyond, creating the classic inflationary circumstance of a demand for skilled labor which far surpasses its supply. Furthermore, if policies designed to stimulate economic revitalization are successfully undertaken in the future, this inflationary demand/supply mismatch in skilled labor will become painfully evident in virtually every sector of the economy, unless significant training and retraining assistance is provided with adequate lead time to be effective.

This bill also responds to clear evidence that one of the persistent sources of long-term inflationary pressure has been the continual decline in the productivity of the workforce. H.R. 5320 will assist in reversing this decline by providing the kinds of skill training necessary to prepare workers for employment in an increasingly technical and complex economy, thus promoting increased productivity.

In the short term, H.R. 5320, while underpinned by successful components of past employment and training efforts, also introduces significant new directions designed to enhance the productivity and cost-effectiveness of the employment and training system itself.

First, the bill expands the role of the private sector to the point of an equal and full partnership with local prime sponsors. This change should better ensure that program dollars are expended to train the jobless for jobs available in the private sector as well as infuse more efficient management principles into the training system. Second, the burdensome and costly exaggeration of process and paperwork requirements in existing categorical programs is replaced by a totally performance-driven, unified grant system which rewards successful outcomes and diverts wasted resources from unsuccessful programs to alternative mechanisms. Third, better coordination and joint-planning among related programs is required to reduce duplication and stretch available resources. Fourth, a longer and more stable planning cycle is established to allow for more rational and precise planning, which all evidence indicates will improve performance and efficiency. Fifth, a needs-based allowance system is instituted which the Committee estimates will reduce participant support costs by approximately 20 percent.

Because these modifications will result in programs which, dollar-for-dollar, will provide more effective training for a greater number of the unemployed when compared to current programs, the Committee believes that H.R. 5320 will operate to reduce the potential inflationary impact of federal training expenditures.

## Oversight Findings

This Committee's oversight activities on employment and training programs are summarized under the hearing "Committee action" in this report. Since the time this Committee reported the Comprehensive Employment and Training Amendments of 1978, the Committee on Government Operations has issued two reports on employment and training activities. These two reports are entitled "Department of Labor's Administration of the Comprehensive Employment and Training Act" (November 20, 1979) and "High Level Emphasis on Accountability Needed in CETA" (September 29, 1980).

Both of these reports included recommendations that performance standards be implemented which would provide yardsticks by which outcomes can be measured, that prime sponsors receive special recognition with monetary rewards as incentives for good performance, and that the Department of Labor compile and widely distribute examples of successful programs.

The proposed legislation recommended by this Committee provides for performance standards and the payment of bonuses to prime sponsors for meeting performance goals. The Committee bill also requires the Secretary of Labor to establish a national clearinghouse to disseminate materials and information gained from exemplary program experience which may be of use in the innovation or improvement of employment and training programs (section 443). We believe these legislative provisions are consistent with the recommendations in the reports of the Committee on Government Operations.

## Section-by-Section Analysis of Job Training Partnership Act (H.R. 5320)

*Section 1—Short title; table of contents*

This section provides that the legislation may be cited by its short title as the "Job Training Partnership Act," and sets forth the table of contents.

*Section 2—Purposes*

This section states that the purposes of the legislation are to increase the productive capacity and utilization of the Nation's labor force, to enhance the job skills of unemployed and underemployed individuals (including dislocated workers), to assist communities experiencing high rates of unemployment, and to establish a community-based employment and training system built on a partnership between State and local governments and the private sector.

*Section 3—Authorization of appropriations*

This section authorizes appropriations for fiscal year 1983 of $3,500,000,000 for title II (Employment and Training Services for the Disadvantaged), $1,000,000,000 for title III (Employment and Training Assistance for Displaced Workers), $230,000,000 for parts A, C and E, of title IV (national employment and training programs other than Job Corps and labor market information), $650,000,000 for part B of title IV (Job Corps), and $20,000,000 for part D of title IV (labor market information). For subsequent fiscal years such sums as may be necessary would be authorized to be appropriated.

*Section 4—Definitions*

This section provides definitions for terms used in the legislation.

### Title I—Job Training and Employment Assistance System

#### Part A—Community Public-Private Partnership System

*Section 101—Prime sponsors*

This section provides that a prime sponsor shall be a State, a unit of general local government of at least 150,000 population, a consortium of units of general local government including a unit having at least 150,000 population, a consortium of units of general local government with an aggregate population of at least 150,000, which includes a unit previously designated as a prime sponsor under the Comprehensive Employment and Training Act, a unit or consortium of units of general local government (regardless of population) which demonstrates that it serves a substantial portion of a functioning labor market area and that no other eligible prime sponsor has submitted an approvable plan for serving such substantial portion of a labor market area or an existing concentrated employment program grantee serving a rural area under CETA.

For fiscal years 1983 through 1988, a unit of general local government which has been a prime sponsor under the Comprehensive Em-

ployment and Training Act shall continue to be a prime sponsor in order to provide for an orderly transition. However, two or more units designated as prime sponsors under CETA but which are located in a single labor market area must establish a joint private industry council in order to continue serving as prime sponsors. State governments serve as the prime sponsors for those States (or the balance of each State) not served by a prime sponsor which is a unit or consortium of units of general local government or a concentrated employment program (CEP).

Within the area served by the State as prime sponsor, the Governor shall designate one or more service delivery areas, establishing a private industry council for each area.

*Section 102—Private industry councils*

This section provides that a private industry council shall be established to be jointly responsible with the prime sponsor for planning activities under the Act. No funds under the Act shall be provided by the prime sponsor for any activity which does not have the approval of both the prime sponsor and the private industry council.

A majority of the council members shall be representatives of business and industry in each prime sponsor area, appointed from among individuals recommended by local business organizations (or whom at least one-half, whenever possible, shall be representatives of small business, including minority business). One of the private industry representatives shall be designated the initial chairman of the council. The remaining members shall be representatives of labor, education (representative of secondary, postsecondary and vocational education agencies and institutions), rehabilitation, community-based organizations, the employment service, and economic development organizations and agencies.

The membership of each council must reasonably represent the population of the area served. Members are to be appointed for fixed terms, and the prime sponsor may not dissolve the council or remove any member, except for cause.

Each prime sponsor must make a portion of its administrative costs available to enable each private industry council to hire professional, technical, and clerical staff to assist in carrying its planning and concurrence responsibilities.

In organizing and making appointments to each council, the prime sponsor shall ensure that it is eligible to be designated as a planning council for any other employment and training programs operated within areas of pervasive poverty, unemployment, and general distress.

*Section 103—Performance standards*

This section provides that, within 6 months after enactment, the Secretary shall establish national performance criteria based on appropriate factors including placement and retention in unsubsidized employment, increased earnings, and reduction in income support costs. In addition, factors for evaluating the performance of youth programs would take into account attainment of employability competencies, school completion, and enrollment in other training programs or apprenticeships or enlistments in the military. The Secretary would determine the adequacy of each prime sponsor's performance goals on the basis of minimum performance standards designed to recognize

local conditions and employment barriers faced by the eligible population. The Secretary would be authorized to modify the applicability of any standard where a prime sponsor demonstrates exceptional local economic hardship and where goals are the best reasonably attainable goals for a particular prime sponsor.

The Secretary is to provide technical assistance to a prime sponsor and private industry council which is failing to attain one or more of its performance goals. If such failure persists for 2 consecutive years, the Secretary shall designate the State or other alternative prime sponsor to take its place, until the original prime sponsor has corrected the causes of failure.

*Section 104—Community job training plans*

This section provides that funds will be provided to prime sponsors only pursuant to community job training plans developed with the participation of and approved by a majority of the private industry council with the final approval of the Secretary.

If no approvable plan is submitted which has the concurrence of both the prime sponsor and its private industry council, the Secretary may designate the State or other alternate prime sponsor subject to the private industry council's concurrence. If no alternate prime sponsor submits a plan, the Secretary may develop a plan directly or through an appropriate agency or organization.

Each plan shall include a designation of the entity to administer but not deliver programs in the prime sponsor area, a description of the activities to be conducted, performance goals meeting or exceeding the performance standards established by the Secretary, and a description of methods of coordinating programs under this legislation with other State and Federal employment-related programs.

*Section 105—Review of plans*

At least ninety days before submitting the biennial plan to the Secretary, each prime sponsor must (in addition to securing the approval of the private industry council) make the plan available for review to the State legislature, local governments and educational agencies in the area, labor organizations, and the general public.

Prior to submission to the Secretary, the plan is to be transmitted to the State employment and training coordinating council. If the council determines that the plan is not consistent with the criteria for coordination of activities under this legislation with State and local employment-related programs under the Governor's coordination and special services plan, the plan must be returned for a thirty-day period for the prime sponsor to consider the council's recommendations.

The final plan submitted to the Secretary shall be accompanied by the council's recommendations, and the Governor must be afforded the opportunity to submit proposed modifications to the Secretary. If the Secretary does not accept the State's proposed modifications, he must notify the Governor in writing of his reasons.

PART B—STATE RESPONSIBILITIES

*Section 111—Governor's coordination and special services plan*

This section provides for the submission of a biennial Governor's coordination and special services plans to the Secretary describing the use of all resources provided to the State and its prime sponsor

areas, evaluating the preceding two years and setting goals for the succeeding two years.

The Governor's plan shall establish criteria for coordinating activities under this legislation with programs and services provided by State and local education and training agencies (including vocational education agencies), public assistance agencies, the employment service, rehabilitation agencies, State post-secondary institutions, economic development organizations and agencies, and other agencies determined by the Governor to have an interest in employment and training and human resource revitalization.

The Governor's plan shall also describe the projected use of State incentive grants and performance goals for State-supported programs.

This section also specifies activities to be included in the Governor's coordination and special services plan.

*Section 112—State employment and training coordinating council*

This section provides for each State to establish a State employment and training coordinating council.

The council is to be appointed by the Governor. In meeting the appointments, the Governor must ensure that the Council's membership reasonably represents the population of the State.

Each State council is to be composed so that one-fourth would be representatives of business, one-fourth would be representatives of the State legislature and of programs related to employment and training, one-fourth would be representatives of local governments, and one-fourth would be representatives of the eligible population and of the general public, of organized labor, of community-based organizations and of local educational agencies. The plans and decisions of the council are subject to the Governor's approval.

The council develops the Governor's coordination and special services plan to be submitted, with the Governor's approval, to the Secretary. The council also reviews community job training plans and certifies the consistency of such plans with the Governor's coordination and special services plan, including criteria for coordination of programs and services under this Act with other employment-related programs at the Federal, State, and local levels.

The Governor may, to the extent permitted by applicable law, consolidate the functions of the State employment and training coordinating council with those of the State's Work Incentive Program (WIN) coordinating committee, and the State advisory council for the employment service.

*Section 113—Coordination with State education and training agencies*

This section reserves 20 percent of the sums available for Governor's coordination and special services activities to be utilized to facilitate coordination among State education and training agencies and prime sponsors. Financial assistance would be provided to such agencies to facilitate coordination of services through cooperative agreements between such State agencies and prime sponsors.

Such assistance may include technical assistance to vocational education institutions and local educational agencies to aid them in making cooperative agreements with prime sponsors, private employers, and community-based organizations. In addition, prime sponsors may be

provided information, curriculum development and staff development. Appropriate assistance may also be provided to enhance the capacity to provide community-based employment and training programs for economically disadvantaged persons.

*Section 114—State incentive grants*

This section provides that 6 percent of title II appropriations shall be made available by the Governor to State education and training agencies for incentive grants to improve vocational services to eligible individuals in prime sponsor areas, under agreements with prime sponsors and, where appropriate, local education agencies. The State agencies and local education agencies, if any, would contribute equal matching funds from sources other than funds under this Act.

*Section 115—State labor market information programs*

This section provides that, in order to be eligible for Federal funds for State labor market information programs, the Governor shall designate an organizational unit to oversee, manage, and design a statewide comprehensive labor market and occupational supply and demand information system. The State labor market information program's responsibilities include standardizing available Federal and State multi-agency administrative records and survey data services to produce employment and economic analysis projections (especially for use by job training programs, vocational education, and the employment service on a State and area basis); disseminating labor market and occupational supply and demand information and individualized career information to State agencies, area public agencies, libraries, private non-for-profit users, and individuals making career decisions; and conducting research and demonstration projects.

*Section 116—Interstate agreements*

This section gives the consent of Congress to interstate compacts and agreements which enhance compliance with the provisions of this Act, subject to the approval of the Secretary.

PART C—GENERAL REQUIREMENTS

*Section 121—General program requirements*

This section contains provisions applicable in the administration of all programs under the Act.

With respect to the provision of education services, the criteria for selection among competing providers of services shall afford to appropriate educational agencies the opportunity to provide such services unless the prime sponsor can demonstrate that alternative agencies or organizations would be more effective or would have greater potential to enhance the participants' continued occupational and career growth.

This section also limits administrative costs to not more than 15 percent of total funds available to each prime sponsor. This administrative cost limitation does not apply to costs of program support (such as counseling) which are directly related to the provision of education or training or to additional costs attributable to development of customized training under section 233.

*Section 122—Wages, benefits, and allowances*

This section provides for participant allowances and wages.

Participants may receive subsistence stipends calculated as the hourly rate equivalent to 70 percent of the Bureau of Labor Statistics lower living standard income level minus cash income and the value of food stamps.

Participants would be eligible for participant cost stipends to cover the extra costs of transportation, meals, equipment, and child care necessary for participation. Individuals with family incomes below 70 percent of the lower living standard income level shall be eligible for 100 percent of such costs, and those between 70 percent and 100 percent of such income level shall be eligible to receive up to 100 percent but no less than 50 percent of such costs.

Incentive rewards such as lump-sum payments, tools and equipment, and scholarships may be provided for completion of training activities, achievement of competencies, self-placement at the completion of services, and other constructive attainments. Stipends and allowances received under this legislation are not to be considered income for purposes of computing eligibility for income transfer and in-kind aid.

*Section 123—Labor standards*

This section provides for participant protections and benefits.

*Section 124—Allocation of funds*

This section contains procedural requirements with respect to the allocation and reallocation of funds under the Act.

*Section 125—Availability of funds*

This section provides that unobligated funds shall remain available for obligation during the succeeding fiscal year, and that obligated funds may be expended over a two-year period. Obligated funds shall not be revoked or canceled as long as such funds are expended at a rate which is consistent with the program plan.

This section also authorizes advance funding of appropriations.

*Section 126—Reporting requirements*

This section provides for reports from prime sponsors on achievements of performance goals, activities conducted, and participant characteristics, including a cost-benefit evaluation of programs. It also provides for reports by the Secretary, and an annual report on employment and training from the President to the Congress

*Section 127—Records, audits, and investigations*

This section requires each recipient of financial assistance to maintain records on participants and programs and keep such records for the Secretary's inspection.

*Section 128—Complaints and Sanctions*

This section provides for each prime sponsor to maintain a grievance procedure for handling complaints from participants, subgrantees, subcontractors, and other interested persons.

Procedures are also set forth for handling complaints filed with the Secretary. This section further specifies conditions under which the

Secretary may revoke a prime sponsor's plan, terminate or suspend assistance, and withhold funds.

*Section 129—Judicial review*

This section provides for review in the courts of appeals if the Secretary finally disapproves a plan, terminates assistance, withholds funds, or otherwise sanctions a recipient, or if any interested person is dissatisfied with or aggrieved by any final action of the Secretary.

*Section 130—Services and property*

This section authorizes the Secretary to manage property for purposes of the Act.

*Section 131—Utilization of services and facilities*

This section authorizes the Secretary to utilize services and facilities of other Federal and State agencies.

*Section 132—Prohibition against Federal control of education*

This section provides that nothing in this legislation would authorize Federal direction, supervision or control over the curriculum, program of instruction, administration, personnel, or selection of instructional materials in any educational institution or school system.

*Section 133—Schedules for submission of plans*

This section provides that the Secretary, by March 31 of each year, must set a date for submission of community job training plans and Governor's coordination and special services plans, and, by May 15 of each year, must make available a final set of regulations and application materials for the next fiscal year.

## TITLE II—EMPLOYMENT AND TRAINING SERVICES FOR THE DISADVANTAGED

### PART A—GENERAL PROVISIONS

*Section 200—Statement of purpose*

This section states that it is the purpose of this title to provide disadvantaged individuals the opportunity to participate in training, education, job search activity, and worksite experience in order to secure unsubsidized employment and disadvantaged in-school and out-of-school youths the opportunity to develop employability skills.

*Section 201—Allocation of funds*

This section provides for allocating 73 percent of the funds appropriated for this title to State and local prime sponsors based 25 percent on the number of unemployed persons, 25 percent on the number of unemployed persons in excess of 4½ percent, 25 percent on the number of unemployed persons in areas of susbtantial unemployment (having at least 6½ percent unemployment rate), and 25 percent on the number of adults in low-income families.

The remainder of the sums appropriated for title II would be reserved for the following set-asides:

Ten percent for Governor's coordination and special services plans and the State employment and training coordinating council, with 20 percent thereof reserved for the Governor's use in

facilitating coordination among employment-related education and training programs under section 113;

Six percent to Governors for State Incentive Grants under section 114 for funding activities pursuant to joint agreements between prime sponsors and State and local education and training agencies which contribute equal matching funds from sources other than funds under this Act;

Five percent for the Secretary to provide to prime sponsors for use as planning grants in fiscal year 1983, and for performance bonuses in subsequent fiscal years;

Two percent as consortium bonuses (plus 4 percent additional for such purpose in fiscal year 1983);

Four percent to prime sponsors which raise equal matching amounts from non-Federal sources, for fiscal year 1984 and subsequent fiscal years.

*Section 202—Eligibility for services*

This section provides that an individual is eligible to participate in the programs under this title only if such individual is economically disadvantaged. However, 10 percent of the participants may be individuals who are not economically disadvantaged if they have encountered barriers to employment.

*Section 203—Division of funds*

This section requires one-half of the funds to be spent in providing services to youths aged 16 to 21 (inclusive) and one-half of the funds to be spent on providing services to adults aged 22 or older. However, in accordance with regulations, the prime sponsor may reduce or increase proportionately this amount taking into account local variations in the ratio of youths to adults. The prime sponsor may also transfer up to 15 percent of the funds for adults to youths and vice versa, based upon an analysis of local needs.

PART B—ADULT TRAINING PROGRAMS

*Section 231—Eligibility for adult programs*

This section provides that an individual must be 22 years of age or older in order to be eligible to participate in programs under this part.

*Section 232—Use of funds*

This section lists the employment and training services which may be provided under this part including job search assistance, job counseling, on-the-job training, remedial education and basic skill training, necessary supportive services and employment bonuses, to be paid only upon retention in employment at least six months after training, to provide incentives for employers to hire trainees.

*Section 233—Customized training requirement*

This section provides that, to the extent possible, on-the-job training and other training in the private sector will be conducted with a commitment by an employer or group of employers to hire participants upon successful completion of training.

PART C—YOUTH PREPARATORY PROGRAMS

*Section 261—Eligibility for youth preparatory programs*

This section provides that in order to be eligible to participate in programs under this part an individual can be either in-school or out-of-school but must be aged 16 to 21, inclusive. Youths aged 14 or 15 are eligible to receive assistance under preemployment skills training programs, regardless of family income, and may participate in summer youth employment programs, if appropriate and set forth in the community job training program.

*Section 262—Participation in Part B activities*

This section provides that, in addition to the activities authorized under Part C, eligible youth may also receive the same services authorized under Part B, the Adult Training Programs.

*Section 263—Education for employment*

This section provides that priority under this section shall be given to high school dropouts. The prime sponsor is authorized to maintain a network of learning centers with curricula designed to meet basic educational competency requirements.

*Section 264—Preemployment skills training*

This section establishes priority for youths aged 14 to 19 who do not meet established levels of academic achievements but who plan to enter the labor market after leaving school. This section also describes the services which these youths may receive including assessment, counseling, testing, and up to 200 hours of individualized instruction

*Section 265—Entry employment experience*

This section provides that youths may participate under this section if they have completed preemployment skills training or its equivalent or if they have not held a regular part time or summer job for more than 250 hours of paid employment (subject to waiver) or are enrolled in a secondary school or institution with priority given to youths who do not plan to continue on the postsecondary education.

Entry employment experiences may be up to 20 hours weekly during the school year or full time during the summer, not to exceed a total of 500 hours. Entry employment may be one of the following:

(1) full time employment opportunities in public and nonprofit agencies during the summer and on a part-time basis in combination with education and training activities,

(2) tryout employment at private-for-profit worksites or at public and nonprofit worksites when for-private worksites are not available (wages are paid by the prime sponsor for a period not to exceed 250 hours and vacancies may not be refilled if the previous participant completed tryout employment but was not hired by the employer),

(3) cooperative education programs to coordinate education programs with private sector jobs.

*Section 266—School-to-work transition assistance*

This section provides that school-to-work transition assistance (including short-term job search assistance, job clubs, and followup)

may be furnished to high school seniors who plan to enter the labor market after graduation, with priority given to those from families below 70 percent of the Bureau of Labor Statistics lower living income standard, and to dropouts.

*Section 267—Summer youth employment programs*

This section provides that eligible youths may participate in summer youth employment programs carried out by public or private nonprofit organizations for the purpose of providing useful work experience and appropriate training to participants.

*Section 268—Education standards*

This section provides that all education programs supported under this legislation and standards and procedures for awarding academic credit and certifying educational attainment under such programs shall be consistent with applicable State and local standards, law and regulation.

TITLE III—EMPLOYMENT AND TRAINING ASSISTANCE FOR DISPLACED WORKERS

*Section 301—Purpose*

This section states that the purpose of Title III is to assist workers who have become involuntarily unemployed with little prospect for reemployment in finding alternative employment, to retrain workers in declining occupations for work in demand occupations, and to mitigate damage of economic dislocation on local communities.

*Section 302—Allocation of funds*

This section provides for the allocation of Title III funds to the States as follows: (1) 25 percent is reserved to the Secretary's discretion for the purpose of providing immediate assistance to States for designated enterprise zones or areas affected by such circumstances as high unemployment, mass layoffs or natural disasters; (2) one-third of the remainder is allocated to States on the basis of relative unemployment; (3) one-third of the remainder is allocated to States on the basis of relative excess unemployment (over 4.5 percent); and (4) one-third of the remainder is allocated to States on the basis of relative long-term unemployment (15 weeks or more).

*Section 303—Matching requirement*

This section provides that, to qualify for Title III assistance, other than from the funds reserved by the Secretary, a State must demonstrate that it will provide an equal match of public or private non-Federal funds, which may include the direct cost of employment or training services provided by State or local, private for-profit employers, or non-profit organizations. The match may also include unemployment compensation benefits paid to eligible participants in Title III programs. Section 303 requires the Secretary to prescribe regulations establishing conditions for appropriate reduction in the matching amount otherwise required for those States in which the average rate of unemployment for three consecutive months equals or exceeds the national average rate for such months.

*Section 304—State displaced worker plans; coordination with other programs*

This section requires that States desiring assistance must submit a plan for the use of such assistance which details the coordination of Title III activities with those of other employment-related programs and which ensures that, where feasible, Title III programs utilize the facilities and services of existing Title II programs.

*Section 305—Prime sponsor review*

This section requires that any program under this title operated in the jurisdiction of a prime sponsor must be approved by that prime sponsor and its private industry council.

*Section 306—Consultation with labor organizations*

This section requires that any program assisting substantial numbers of a labor organization's members be established in consultation with, and approved by, that labor organization.

*Section 307—Authorized activities*

This section details the training and assistance activities authorized under Title III which include job search assistance, job development, training for demand skills, supportive services, pre-layoff and early intervention assistance, and allowances which are consistent with the requirements contained in title II.

*Section 308—Eligible participants*

This section defines an eligible participant as an individual whose employment has been terminated or suspended (or who has received notice of same) because of facility closure, indefinite layoff, or reduction in force; or an unemployed individual whose existing job skills limit the opportunity for employment in the same or similar occupation in the area in which the individual resides.

## TITLE IV—NATIONAL EMPLOYMENT AND TRAINING PROGRAMS

### PART A—EMPLOYMENT AND TRAINING PROGRAMS FOR NATIVE AMERICANS AND MIGRANTS AND SEASONAL FARMWORKERS

*Section 401—Native American programs*

This section provides for the establishment of employment and training programs for Native American Indians, Alaskan Natives, and Hawaiian native communities. To carry out these programs, the Secretary shall reserve an amount equal to not less than 2.7 percent of the sums available for Title II. After consultation with representatives of Indians and Native Americans, the Secretary shall prescribe rules, regulations and performance standards as may be required to meet the special circumstances of the program operations.

*Section 402—Migrant and seasonal farmworker programs*

This section provides for employment and training programs for migrant and seasonal farmworkers. Recipients of funds under this section are required to establish performance goals consistent with the performance standards established by the Secretary. In order to carry

out these programs, the Secretary shall reserve an amount equal to not less than 2.8 percent of the sums available for Title II.

PART B—JOB CORPS

*Section 421—Statement of purpose*

This section identifies as the purpose of Part B the continuation of the Job Corps as a structurally and programmatically independent program within the Department of Labor to be operated on a National basis to assist economically disadvantaged young persons who need and can benefit from the uniquely intensive Job Corps activities.

*Section 422—Establishment of the Job Corps*

This section provides that there shall be within the Department of Labor a Job Corps.

*Section 423—Individuals eligible for the Job Corps*

This section provides that an eligible youth is one who: (1) is aged 16 to 24, inclusive (except that the Secretary may establish rules to: waive the maximum age for handicapped individuals; provide limited nonresidential services to 14 and 15 year olds; and, if necessary serve differentially individuals aged 22 to 24, inclusive); (2) requires additional training, education, or intensive counseling; (3) is currently living in a poor environment; and (4) has the capabilities to be a Job Corps enrollee.

*Section 424—Screening and selection of applicants—general provisions*

This section authorizes the Secretary to prescribe certain specific standards and procedures for the screening and selection of Job Corps enrollees, and to provide reimbursement for the cost of such activities.

*Section 425—Screening and selection—special limitations*

This section provides that no individual can become a member of Job Corps unless there is reasonable expectation that the person can participate successfully in group situations. It further provides that no person shall be denied enrollment in the Job Corps solely on the basis of contact with the judicial system.

*Section 426—Enrollment and assignment*

This section provides that no individual may be enrolled for longer than 2 years (except where completion of an advanced career program under section 428 would necessitate longer participation or as authorized by the Secretary), that enrollment in Job Corps does not relieve a person from military obligations, and, except for good cause, an enrollee will be assigned to a center nearest the enrollee's home.

*Section 427—Job Corps centers*

This section provides for the establishment of Job Corps centers.

*Section 428—Program activities*

This section details the activities and training which may be offered at a Job Corps center, which include programs for advanced career training for selected corps members who have demonstrated achievement, capacity and commitment.

*Section 429—Allowances and support*

This section details the basic, readjustment, and dependent allowances that must be provided to a Job Corps enrollee.

*Section 430—Standards of conduct*

This section provides that Job Corps standards of conduct shall be provided and stringently enforced, and that dismissal can result from violations of the standards.

*Section 431—Community participation*

This section provides that the Secretary shall encourage and cooperate in activities to establish a mutually beneficial relationship between Job Corps centers and nearby communities. This includes the establishment of community advisory councils to facilitate joint discussion of common problems and planning programs of mutual interest.

*Section 432—Counseling and job placement*

This section provides that the Secretary shall counsel and test each enrollee at regular intervals and shall make every effort to place the enrollees in jobs in the vocation for which the enrollee was trained.

*Section 433—Experimental and developmental projects and coordination with other programs*

This section authorizes the Secretary to undertake experimental, research, or demonstration projects in order to promote better efficiency and effectiveness in the program. Also, it authorizes projects to better coordinate Job Corps activities with related programs, to disseminate Job Corps information to such programs, and to field test selected education and training approaches. Finally, section 433 authorizes programs jointly arranged with the Secretary of Defense to prepare youth to qualify for military service.

*Section 434—Advisory boards and committees*

This section authorizes the Secretary to make use of advisory boards and committees in connection with the operation of Job Corps.

*Section 435—Participation of the States*

This section provides that the Secretary shall take action to facilitate the participation of States in the Job Corps program, including entering into agreements with States to assist in the operation or administration of Job Corps centers.

*Section 436—Application of provisions of Federal law*

This section provides that Job Corps enrollees will not be deemed Federal employees for the following purposes: Hours of work, rates of compensation, leave, unemployment compensation, and Federal employee benefits; but shall be deemed employees for the following purposes: Title II of the Social Security Act, workman's compensation, and tort claims.

*Section 437—Special provisions*

This section provides that the Secretary shall take immediate steps to achieve an enrollment of 50 percent women, and that all studies, evaluations, proposals, and data produced or developed with Federal funds become the property of the Federal Government.

*Section 438—General provisions*

This section contains general conditions applicable to the administration and operation of the program.

*Section 439—Donations*

This section authorizes the Secretary to accept on behalf of the Job Corps or individual centers charitable contributions of cash or other assistance.

PART C—NATIONAL PROGRAMS AND ACTIVITIES

*Section 441—Multistate programs*

This section authorizes the Secretary to use funds for employment and training programs administered at the national level including programs to (1) meet the employment-related needs of persons who face particular disadvantages in specific and general labor markets, (2) foster new or improved linkages between Federal, State, and local employment and training agencies, State and local educational agencies, and components of the private sector, (3) eliminate or reduce critical skill shortages, and (4) meet the unique employment and training problems of veterans.

*Section 442—Research, demonstration, and evaluation*

This section requires the Secretary to establish a comprehensive program of employment and training research using methods, techniques and knowledge that will aid in the solution of the Nation's employment and training problems. The Secretary also will establish a program of research, demonstration, and pilot projects to improve techniques in meeting employment and training problems in such areas as easing the transition from school to work, increasing employment of skilled workers critical to defense readiness, and eliminating artificial barriers to employment. The Secretary is authorized to provide for the continuing evaluation of all programs, and shall evaluate the effectiveness of programs under this legislation and under part C of title IV of the Social Security Act (Work Incentive Program) with respect to statutory goals and objectives.

*Section 443—Training and technical assistance*

This section authorizes the Secretary in consultation with the appropriate officials to provide for a program of training and technical assistance including the development and attainment of performance goals. The Secretary is also authorized to establish a national clearinghouse to disseminate materials and information on exemplary programs.

*Section 444—Office of Management Assistance*

This section provides that the Secretary shall maintain an Office of Management Assistance to assist prime sponsors in managing, operating, or supervising the programs under this Act and provide management assistance for prime sponsors not in compliance with the Act. This section also enables the Secretary to provide services on a reimbursable or nonreimbursable basis and publish proposals for corrective action periodically for use by other prime sponsors.

*Section 445—Veterans' Employment*

This section requires the Secretary to administer all veterans' employment and training programs through the Assistant Secretary for Veterans' Employment. The Assistant Secretary will encourage grantees and contractors under this section to enter into cooperative arrangements with private industry and business concerns, educational institutions, nonprofit organizations, trade associations, and organized labor as well as other Federal and State job training agencies to make maximum use of existing programs. Programs will place emphasis on the training needs of disabled, Vietnam-era and recently separated veterans.

PART D—LABOR MARKET INFORMATION

*Section 451—Purpose; availability of funds*

This section states the purpose of this part is to provide for labor market and occupational information at Federal, State, and local levels to meet the information needs of organizations in planning and delivery services. Funds available for this part are also available for State labor market information programs under section 115.

*Section 452—Cooperative labor market information program*

This section continues the requirement that the Secretary maintain a comprehensive program of labor market information on national, State, local, and other appropriate bases (including the occupational employment statistics program and earnings and income reports).

This section also requires the Secretary to assure that the departmental data collecting and processing systems are consolidated to eliminate overlap and duplication and that the criteria of the Federal Paperwork Reduction Act are met. The Secretary further will develop and maintain statistical data relating to closings of mines and manufacturing plants and facilities employing 50 or more workers.

*Section 453—Federal responsibilities*

This section provides that the Secretary of Labor, in cooperation with the Secretaries of Commerce, Defense, Treasury, and Education, and the Director of the Office of Management and Budget, shall review all national data collection and processing systems to identify gaps, overlap, and duplication. Federal responsibilities include integrating at the national level currently available data sources in order to improve the management of information systems, maintaining national standardized definitions, and providing technical assistance to the States with respect to labor market and occupational supply and demand information systems. Emphasis would be placed on the use of cost-efficient automated systems and improving access of individuals to career opportunities information in local and State labor markets.

*Section 454—National Occupational Information Coordinating Committee*

This section reserves $5,000,000 for each fiscal year for the National Occupational Information Coordinating Committee. Not less than 75 percent of available funds shall be used to support State occupational information coordinating committees. The membership of the Committee (which now consists of the Secretary of Education, the

Administrator of the National Center for Education Statistics, the Commissioner of Labor Statistics, and the Assistant Secretary for Employment and Training) would be expanded to include the Assistant Secretary of Commerce for Economic Development and the Assistant Secretary of Defense for Manpower, Reserve Affairs, and Logistics.

*Section 455—Job Bank Program*

This section provides for carrying out a nationwide computerized job bank and matching program, including an occupational information file containing occupational projections of the numbers and types of jobs on regional, State, local, and other appropriate bases, as well as labor supply information by occupation.

PART E—NATIONAL COMMISSION ON EMPLOYMENT AND PRODUCTIVITY

*Section 461—Statement of purpose*

This section establishes a National Commission on Employment and Productivity which is responsible for advising the President and the Congress on national employment and training issues. The Secretary is required to reserve $2 million for each fiscal year for funding the Commission.

*Section 462—Commission established*

This section provides for the establishment of a National Commission on Employment and Productivity (formerly known as the National Commission on Employment Policy), and sets forth requirements for the composition of the Commission, the terms of office of each member, and the operation of the Commission.

*Section 463—Functions of the Commission*

This section describes the responsibilities of the Commission.

*Section 464—Administrative provisions*

This section defines the authority of the Chairman of the Commission.

*Section 465—Reports*

This section requires the Commission to report annually to the President and the Congress on its findings and recommendations.

TITLE V—AMENDMENTS TO OTHER LAWS

*Section 501—Wagner-Peyser Act Amendments*

This section amends the Wagner-Peyser Act to provide for allocating funds among the States on the basis of the civilian labor force and unemployment (after providing each State such share of the total funds as equals 90 percent of its share for the preceding year and ensuring that no State receives less than 0.28 percent of the total amount available for allocation). Ninety percent of each State's allocation is to be available for job search and placement services, recruitment services and technical services for employers, evaluation, linkages with related programs, services for displaced workers, labor market information, management information systems, and administering the unemployment compensation work test. Other labor market related services may be provided pursuant to reimbursable contracts with other

Federal and State agencies. Ten percent of each State's allocation is reserved for use by the Governor for performance incentives, services for groups with special needs, and exemplary models.

The employment service plan is to be developed jointly with prime sponsors and transmitted to the State Employment and Training Coordinating Committee for certification that the plan is consistent with the Governor's coordination and special services plan under the Job Training Partnership Act. The Governor may review and propose modifications in the plan submitted to the Secretary.

*Section 502—Amendments to part C of title IV of the Social Security Act*

This section amends section 430 of the Social Security Act to include among those eligible for the Work Incentive Program [WIN] those who have applied for Aid to Families for Dependent Children [AFDC], in addition to those now eligible who are actual AFDC recipients.

Section 431(b) of such Act would be amended by striking out the requirement that one-third of the funds appropriated for WIN must be spent for on-the-job training and public service employment.

Section 432(d) of such Act would be amended to provide that the Secretary of Labor shall assure, to the extent possible, that WIN registrants receive employment and training services under the Job Training Partnership Act.

Section 432(f) of such Act would be amended to require the Secretary of Labor to use private industry councils in place of labor market advisory councils to advise on the availability of jobs in the areas served.

Section 433 of such Act would be amended to require all WIN registrants to participate in an intensive job search assistance program, for a period of 5 to 8 weeks, on a daily basis; and to provide for referring registrants who are not placed in unsubsidized jobs to the prime sponsor for employment and training services.

Such Act will also be amended to require joint planning with the prime sponsor under the Job Training Partnership Act.

*Section 503—Repeal; transition provisions*

This section provides that the Comprehensive Employment and Training Act [CETA] would be repealed as of October 1, 1982. The Secretary would be authorized to provide financial assistance in the same manner as under CETA to provide for the orderly transition of employment and training programs under the Act and also to provide for continued financial assistance for those programs.

The transition period expires September 30, 1983, as does the authority for the National Commission for Employment Policy. The records of the Commission will be transferred to the National Commission on Employment and Productivity on that date.

During the transition period, prime sponsors may consolidate program activities, establish uniform eligibility criteria, establish private industry councils, and conduct any activity authorized under the Job Training Partnership Act.

Property acquired by prime sponsors with CETA funds not transferred or made available to prime sponsors reverts to the United States.

## CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

### ACT OF JUNE 6, 1933

### (Popularly Known as the Wagner-Peyser Act)

AN ACT To provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That [(a) in order to promote the establishment and maintenance of a national system of public employment offices there is hereby created in the Department of Labor a bureau to be known as the United States Employment Service, at the head of which shall be a director. The director shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive a salary at the rate of $8,500 per annum.

[(b) Upon the expiration of three months after the enactment of this Act the employment service now existing in the Department of Labor shall be abolished; and all records, files, and property (including office equipment) of the existing employment service shall thereupon be transferred to the United States Employment Service; and all the officers and employees of such service shall thereupon be transferred to the United States Employment Service created by this Act without change in classification or compensation.]

*(a) The Secretary of Labor is directed to promote a national system of public employment offices.*

*(b) There shall be maintained in the Department of Labor a United States Employment Service.*

* * * * * * *

*SEC. 6. (a) (1) Subject to paragraphs (2) and (3), the Secretary shall allocate the sums appropriated and certified pursuant to section 5 of this Act for each fiscal year among the States based on giving equal weight to each of the following factors:*

*(A) the relative number of individuals in the civilian labor force in each State as compared to the total number of such individuals in all States; and*

*(B) the relative number of unemployed individuals in each State as compared to the total number of such individuals in all States.*

*For purposes of this paragraph, the number of individuals in the civilian labor force and the number of unemployed individuals shall be based on data for the preceding calendar year, as determined by the Secretary of Labor.*

*(2) Prior to making allocations in accordance with paragraph (1), the Secretary shall provide to each State for each fiscal year such share of the total sums allocated as is equal to 90 percent of the share which each such State received of the total allocations under this Act for the preceding fiscal year.*

*(3) For each fiscal year, no State shall receive a total allocation under paragraphs (1) and (2) which is less than 0.28 percent of the total amount available for allocation.*

*(b) Ten percent of the sums allocated to each State pursuant to subsection (a) shall be reserved for use in accordance with subsection (d) and the remainder of such sums may be used—*

*(1) for job search and placement services to job seekers including counseling, testing, occupation and labor market information, assessment and referral to employers;*

*(2) for appropriate recruitment services and special technical services for employers; and*

*(3) for any of the following activities:*

*(A) evaluation of programs;*

*(B) developing linkages between services funded under this Act and related Federal or State legislation, including the provision of labor exchange services at education sites;*

*(C) providing services for workers who have received notice of permanent layoff or impending layoff, or workers in occupations which are experiencing limited demand due to technological change, impact of imports or plant closures;*

*(D) developing and providing labor market and occupational information;*

*(E) developing a management information system and compiling and analyzing reports therefrom; and*

*(F) administering the work test for the State unemployment compensation system and providing job finding and placement services for unemployment insurance claimants.*

*(c) In addition to the activities described in subsection (b), the United States Employment Service may perform such other labor market-related services as are specified in reimbursable contracts with other Federal or State departments and agencies.*

*(d) The portion of each State's allocation reserved for use in accordance with this subsection shall be used by the Governor of each such State to provide—*

*(1) performance incentives for public employment services offices and programs, consistent with national criteria established by the Secretary, taking into account direct or indirect placements (including those resulting from self-directed job search or group job search activities assisted by such offices or programs), wages on entered employment, retention, and other appropriate factors;*

*(2) services for groups with special needs, carried out pursuant to joint agreements between the employment service and prime sponsors or other public or private nonprofit agencies; and*

*(3) the extra costs of exemplary models for delivering services of the types described in subsection (b).*

* * * * * * *

SEC. 8. Any State desiring to receive the benefits of this Act shall, by the agency designated to cooperate with the United States Employment Service, submit to the [Director] *Secretary of Labor* detailed plans for carrying out the provisions of this Act within such State. *Prior to submission of the plan to the Secretary—*

*(1) the employment service shall develop jointly with each prime sponsor (designated under the Job Training Partnership Act) those components of the plan applicable to the area served by each such prime sponsor;*

*(2) such plan shall be transmitted to the State employment and training coordinating council (established under such Act) which shall certify the plan if it determines (A) that the plan was jointly agreed to by the employment service and each prime sponsor within the State; and (B) that the plan is consistent with the Governor's coordination and special services plan under such Act;*

*(3) if the State employment and training coordinating council does not certify that the plan meets the requirements of clauses (A) and (B) of paragraph (2), such plan shall be returned to the employment service for a period of thirty days for it to consider, jointly with any affected prime sponsor, the council's recommendations for modifying the plan; and*

*(4) if the employment service and any such prime sponsor fail to reach agreement upon the plan to be submitted finally to the Secretary, the plan submitted by the State agency shall be accompanied by such proposed modifications as may be recommended by any disagreeing prime sponsor, and the State employment and training coordinating council shall transmit to the Secretary its recommendations for resolution thereof.*

*The Governor of the State shall be afforded the opportunity to review and transmit to the Secretary proposed modifications of the plan submitted.* Such plans shall include provision for the promotion and development of employment opportunities for handicapped persons and for job counseling and placement of such persons, and for the designation of at least one person in each State or Federal employment office, whose duties shall include the effectuation of such purposes. In those States where a State board, department, or agency exists which is charged with the administration of State laws for vocational rehabilitation of physically handicapped persons, such plans shall include provision for cooperation between such board, department, or agency and the agency designated to cooperate with the United States Employment Service under this Act. If such plans are in conformity with the provisions of this Act and reasonably appropriate and adequate to carry out its purposes, they shall be approved by the [Director] *Secretary of Labor* and due notice of such approval shall be given to the State agency.

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SOCIAL SECURITY ACT

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## TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WELFARE SERVICES

* * * * * * *

### PART C—WORK INCENTIVE PROGRAM FOR RECIPIENTS OF AID UNDER STATE PLAN APPROVED UNDER PART A

#### PURPOSE

SEC. 430. The purpose of this part is to require the establishment of a program utilizing all available manpower services, including those authorized under other provisions of law, under which individuals *who have applied for or are* receiving aid to families with dependent children will be furnished incentives, opportunities, and necessary services in order for (1) the employment of such individuals in the regular economy, (2) the training of such individuals for work in the regular economy, and (3) the participation of such individuals in public service employment, thus restoring the families of such individuals to independence and useful roles in their communities. It is expected that the individuals participating in the program established under this part will acquire a sense of dignity, self-worth, and confidence which will flow from being recognized as a wage-earning member of society and that the example of a working adult in these families will have beneficial effects on the children in such families.

#### APPROPRIATION

SEC. 431. (a) There is hereby authorized to be appropriated to the Secretary of Health, Education, and Welfare for each fiscal year a sum sufficient to carry out the purposes of this part. The Secretary of Health, Education, and Welfare shall transfer to the Secretary of Labor from time to time sufficient amounts, out of the moneys appropriated pursuant to this section, to enable him to carry out such purposes.

[(b) Of the amounts expended from funds appropriated pursuant to subsection (a) for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 33⅓ per centum thereof shall be expended for carrying out the program of on-the-job training referred to in section 432(b)(1)(B) and for carrying out the program of public service employment referred to in section 432(b)(3).]

[(c)] (*b*) Of the sums appropriated pursuant to subsection (a) to carry out the provisions of this part for any fiscal year (commencing with the fiscal year ending June 30, 1973), not less than 50 percent shall be allotted among the States in accordance with a formula under which each State receives (from the total available for such allotment) an amount which bears the same ratio to such total as—

(1) in the case of the fiscal year ending June 30, 1973, and the fiscal year ending June 30, 1974, the average number of recipents of aid to families with dependent children in such State during the month of January last preceding the commencement of such fiscal year bears to the average number of such recipients during such month in all the States; and

(2) in the case of the fiscal year ending June 30, 1975, or in the case of any fiscal year thereafter, the average number of individuals in such State who, during the month of January last preceding the commencement of such fiscal year, are registered pursuant to section 402(a)(19)(A) bears to the average number of individuals in all States who, during such month, are so registered.

ESTABLISHMENT OF PROGRAMS

SEC. 432. (a) The Secretary of Labor (hereinafter in this part referred to as the Secretary) shall, in accordance with the provisions of this part, establish work incentive programs (as provided for in subsection (b) of this section) in each State and in each political subdivision of a State in which he determines there is a significant number of individuals who have attained age 16 and are receiving aid to families with dependent children. In other political subdivisions, he shall use his best efforts to provide such programs either within such subdivisions or through the provision of transportation for such persons to political subdivisions of the State in which such programs are established.

(b) Such programs shall include, but shall not be limited to, (1) (A) a program placing as many individuals as is possible in employment, and (B) a program utilizing on-the-job training positions for others, (2) a program of institutional and work experience training for those individuals for whom such training is likely to lead to regular employment, and (3) a program of public service employment for individuals for whom a job in the regular economy cannot be found.

(c) In carrying out the purposes of this part the Secretary may make grants to, or enter into agreements with, public or private agencies or organizations (including Indian tribes with respect to Indians on a reservation), except that no such grant or agreement shall be made to or with a private employer for profit or with a private nonprofit employer not organized for a public purpose for purposes of the work experience program established by clause (2) of subsection (b).

[(d) In providing the manpower training and employment services and opportunities required by this part, the Secretary of Labor shall, to the maximum extent feasible, assure that such services and opportunities are provided by using all authority available to him under this or any other Act. In order to assure that the services and opportunities are provided by using all authority available to him under this or any other Act. In order to assure that the services and opportunities so required are provided, the Secretary of Labor shall use the funds appropriated to him under this part to provide programs required by this part through such other Act, to the same extent and under the same conditions (except as regards the Federal matching percentage) as if appropriated under such other Act and, in making use of the programs of other Federal, State, or local agencies (public or private), the Secretary of Labor may reimburse such agencies for services rendered to persons under this part to the extent such services and opportunities are not otherwise available on a nonreimbursable basis.]

*(d) In providing the training and employment services and opportunities required by this part, the Secretary of Labor shall, to the*

*maximum extent feasible, assure that such services and opportunities are provided by using all authority available under this or any other Act. In order to assure that the services and opportunities so required are provided, the Secretary of labor shall (1) assure, to the maximum extent feasible, that registrants under this part receive employment and training services under the Job Training Partnership Act, and (2) use the funds appropriated under this part to provide programs required by this part through such other Acts to the same extent and under the same conditions (except as regards the Federal matching percentage) as if appropriated under such other Act and, in making use of the programs of other Federal, State, or local agencies (public or private), the Secretary of Labor may reimburse such agencies for services rendered to persons under this part to the extent such services and opportunities are not otherwise available on a nonreimbursable basis.*

(e) The Secretary shall take appropriate steps to assure that the present level of manpower services available under the authority of other statutes to recipients of aid to families with dependent children is not reduced as a result of programs under this part.

[(f)(1) The Secretary of Labor shall establish in each State, municipality, or other appropriate geographic area with a significant number of persons registered pursuant to section 402(a)(19)(A) a Labor Market Advisory Council the function of which will be to identify and advise the Secretary of the types of jobs available or likely to become available in the area served by the Council; except that if there is already located in any area an appropriate body to perform such function, the Secretary may designate such body as the Labor Market Advisory Council for such area.]

*(f)(1) The Secretary of Labor shall utilize the services of the private industry council for each prime sponsor (as established under the Job Training Partnership Act) to identify and provide advice on the types of jobs available or likely to become available in the area served by the prime sponsor.*

[(2) Any such Council shall include representatives of industry, labor, and public service employers from the area to be served by the Council.]

[(3)] *(2)* The Secretary shall not conduct, in any area, institutional training under any program established pursuant to subsection (b) of any type which is not related to jobs of the type which are or are likely to become available in such area as determined by the Secretary after taking into account information provided by the [Labor Market Advisory Council] *private industry council* for such area.

OPERATION OF PROGRAM

[SEC. 433. (a) The Secretary shall provide a program of testing and counseling for all persons certified to him by a State, pursuant to section 402(a)(19)(G), and shall select those persons whom he finds suitable for the programs established by clauses (1) and (2) of section 432(b). Those not so selected shall be deemed suitable for the program established by clause (3) of such section 432(b) unless the Secretary finds that there is good cause for an individual not to participate in such program. The Secretary, in carrying out such program for in-

dividuals certified to him under section 402(a)(19)(G), shall accord priority to such individuals in the following order, taking into account employability potential: first, unemployed fathers; second, mothers, whether or not required to register pursuant to section 402(a)(19)(A), who volunteer for participation under a work incentive program; third, other mothers, and pregnant women, registered pursuant to section 402(a)(19)(A), who are under 19 years of age; fourth, dependent children and relatives who have attained age 16 and who are not in school or engaged in work or manpower training; and fifth all other individuals so certified to him.]

*SEC. 433. (a)(1) In carrying out this part, the Secretary shall—*

*(A) provide for the registration of all individuals who are required (or volunteer) to register for employment and training services under section 402(a)(19);*

*(B) arrange for the provision of job search assistance, including supportive services, for all such registrants to enable them to obtain employment in the regular economy;*

*(C) following the provision of intensive search assistance services, refer all registrants who have not been placed in unsubsidized employment to the appropriate prime sponsor for employment and training services authorized under the Job Training Partnership Act;*

*(D) place registrants who have not already obtained unsubsidized jobs and who are not currently being served under the Job Training Partnership Act in other employment and training activities authorized by this or by any other Act; and*

*(E) require all registrants to participate in the intensive job search assistance program at the times and in the manner specified in this subsection, unless the Secretary determines that the registrant should be partially or fully exempt from this participation requirement because the registrant is incapable of effectively participating in the intensive job search assistance program because of a physical, mental, or other work-impairing problem, in which case the Secretary may provide short term training (such as English language training) or other services which are determined to be essential to prepare the individual for participation in the intensive job search program.*

*(2) All new registrants shall be required to participate, for a period of not less than five nor more than eight weeks, in an intensive job search assistance program immediately following their registration. To the maximum extent feasible, intensive job search services shall be provided to registrants through self-directed job search or group job search activities with daily attendance of registrants. Following completion of the initial intensive job search assistance program, continuing job search assistance services may be provided at appropriate intervals to registrants. Intensive job search services shall be provided to registrants each twelve months following the completion of the initial or any succeeding intensive job search period.*

(b)(1) For each State the Secretary shall develop jointly with the administrative unit of such State administering the special program referred to in section 402(a)(19)(G) a statewide operational plan.

(2) The statewide operational plan shall prescribe how the work incentive program established by this part will be operated at the local

level, and shall indicate (i) for each area within the State the number and type of positions which will be provided for training, for on-the-job training, and for public service employment, (ii) the manner in which the information provided by the [Labor Market Advisory Council (established pursuant to section 432(f))] *private industry council under the Job Training Partnership Act* for any such area will be utilized in the operation of such program, and (iii) the particular State agency or administrative unit thereof which will be responsible for each of the various activities and functions to be performed under such program. Any such operational plan for any State must be approved by the Secretary, the administrative unit of such State administering the special program referred to in section 402(a)(19)(G), and the regional joint committee (established pursuant to section 439) for the area in which such State is located.

(3) The Secretary shall develop an employability plan for each suitable person certified to him under section 402(a)(19)(G) which shall describe the education, training, work experience, and orientation which it is determined that such person needs to complete in order to enable him to become self-supporting.

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*(i) In planning for activities under this section, the administrative unit of each State shall make every effort to coordinate such activities with activities provided by the prime sponsor under the Job Training Partnership Act.*

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COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

Effective October 1, 1982, the Comprehensive Employment and Training Act is repealed.

## ADDITIONAL VIEWS OF REPRESENTATIVE TED WEISS TO THE COMMITTEE REPORT TO ACCOMPANY H.R. 5320, THE JOB TRAINING PARTNERSHIP ACT

Despite the concerns and reservations I have about H.R. 5320 which I will set forth below, the Committee has reported job training and employment legislation far more responsible to our current economic quagmire than the President's proposal or any of the other proposals pending before Congress.

More Americans are unemployed today than ever in our nation's history. Unemployment in April, 1982 (the most recent data as this is written) reached 9.4 percent, the highest official jobless rate since 1941, and is likely to continue to rise. More than thirteen percent of blue collar workers are unemployed; 18.4 percent of black workers; 12.5 percent of Hispanics; almost half of minority teenagers cannot find jobs.

It is now painfully clear that Reaganomics is not working. Continued faith in the President's dangling carrot of promised economic recovery in turn producing jobs for the 10.3 million unemployed Americans is a luxury we no longer can afford. Congress cannot and must not wait for the President to accept these uncomfortable realities and his pathetic policy failures. There is not time to wait before we take corrective actions.

This Administration trumpets the religion of supply side economics—an updated version of the historically tarnished trickle down theory—but it ignores the volumes of empirical evidence that investments in human capital have been at least as important in determining our rate of economic growth as investments in physical capital. Roughly two-thirds of the value added in manufacturing, for example, can be attributed to labor input while only 12 percent results from capital input. Continued investment in human capital—through education, training, and employment opportunities—is a traditional and necessary supply side investment that we must continue to support if we are serious about regaining economic growth.

In this regard, the Committee's authorization level of $5.4 million is commendable, though inadequate in the face of record unemployment. Special provisions for youth and disadvantaged adults, as well as displaced workers, reflect the Committee's concern that the Act serve those most likely to benefit from job training and related activities.

Language in H.R. 5320 recognizing previous job training and employment successes under the Comprehensive Employment and Training Act (CETA) and encouraging continuation of such successes reflects a commitment to proven programs. The retention of local governments as prime sponsors, in contrast to proposals that planning authority be turned over to state governors, is further acknowledgment that local planning has been effective under previous job training proposals.

THE PRIVATE AND PUBLIC SECTOR ROLES UNDER H.R. 5320

I am deeply concerned about the ramifications of the Committee's decision to provide what I believe is inappropriate authority to the private sector in planning under this Act. Most particularly, the private sector cannot be relied on to design activities under this Act which serve societal as well as economic functions.

To fully understand this problem it is necessary to review the history of job training programs so as to understand how the nature of federal training and employment programs gradually changed from providing training to experienced workers and began increasingly to serve societal purposes.

In 1962, the Manpower Development and Training Act was enacted to provide training services and allowances primarily to experienced workers. Later in the Great Society days, several job training programs were established targeted specifically to the poor minorities, and youth.

CETA, enacted in 1973, consolidated then-existing training programs with a new emphasis on local administration. In 1974 Congress added an emergency public service jobs program which later became Public Service Employment (Title VI) in response to rising unemployment and the recession. Unfortunately, funding for this title was eliminated last summer.

Congress added the Youth Employment and Demonstration Projects Act in 1977, again targeting programs to a specific population. The 1978 rewrite of CETA continued this pattern of redefinition of program purpose and specific targeting.

From this brief history it is possible to see the parallel functions of job training programs. Job training serves a vital economic purpose by preparing individuals to work and by giving them real skills which our economy needs.

Equally important, and for many individuals more important, is the societal nature of employment and training. As Robert Taggart describes in his excellent study, "A Fisherman's Guide—An Assessment of Training and Remediation Strategies," these programs provide direct assistance to what he labels the "labor market left-overs." These "left-overs" are: Those with limited skills, experience and credentials; victims of stunted opportunities, discrimination, and bad luck; residents of poverty areas and declining labor markets; and those whose individual, family or cultural problems undermine successful performance in the workplace.

Taggart accurately notes, as well, that the problems of "left-overs" will "not be solved by an improved economy alone."

The societal function of job training is to provide meaningful opportunities to enable willing individuals to enter the mainstream of our economy and our society. As a humane society we have a social responsibility to provide this form of special assistance, especially since the work ethic is such a strongly held value in American society.

In this context it becomes clear that both the public and private sector must be concerned with *both* the economic and societal objectives of job training programs. My basic fears are that (1) a very substantial portion of the private sector does not appreciate the significance

of the societal function of these programs, and (2) the private sector, consequently, views itself as having at most only an indirect responsibility to meeting such societal needs.

It is natural for business leaders to orient themselves toward ensuring an adequate labor supply with desired skills. And certainly CETA programs have been very successful in achieving this economic objective. But job training programs should not be structured so that societal functions become subordinate to more prominent economic needs.

The stated objective of establishing an "equal partnership" between the public and private sectors represents a tightrope of responsible policy. The authority granted the private sector in Section 102 is greater than is appropriate. What the Committee has designed, I believe, is a program which is highly susceptible to misdirection due to private sector economic self-interests. For example, for economic purposes it clearly benefits the private sector to provide job training opportunities to youth who already are most qualified for work and so require the least training. In such a case, those who most would benefit from training—the so-called labor market "left-overs"—are underserved or excluded altogether from activities under the Act. This problem is built into H.R. 5320, I fear, by allowing private sector self-interest to take precedence over the societal purpose of job training and employment programs.

A second compelling reason for maintaining public sector authority over job training programs under this Act is the need to provide direct accountability over the expenditure of public funds. Use of such funds must remain with public officials. Abdicating public trust and responsibility for governmental programs of such clear value and purpose, even to business leaders of high virtue, is simply not appropriate and may come back to haunt both them and us.

## SUPPLEMENTAL VIEWS ON H.R. 5320

H.R. 5320, as reported by the full Education and Labor Committee, represents a strong effort to examine carefully the training needs of the work force and to structure a new federal employment and training program to meet those needs while seeking to avoid the main cause of failure and abuses in CETA. It is not merely "more of the same," but rather moves federal policy toward the incorporation of many of the factors that were sorely missing in previous legislation.

In substance there are many provisions which Republican Members helped formulate and we can support. These include:

Partnership with the private sector: The bill included approval authority of the plan by the private industry council; up-front planning and staffing money for the private industry council; majority representation (by business and industry) on the private industry council with the initial chairperson coming from this majority; nomination of the business and industry representatives on the council by general purpose business organizations; and joint designation with the prime sponsor of the administrative entity to carry out the program. To move participants into unsubsidized jobs is a worthy goal, but without significant participation of the private sector, this goal is difficult to achieve. The minority members support the efforts made toward greater inclusion of the private sector in H.R. 5320, and will continue to try to enhance this role during any further consideration of the bill.

Increase in service delivery area size—labor market area concept: Support for training programs must come from all segments of the community. If too many service deliverers depend on public and private resources for support, the effort becomes divisive. Additionally, the focus of training efforts must include area labor market demands. For these reasons, the Minority Members are pleased with the provisions in the bill that increase the service delivery area population size to 150,000 and relate this population base to the labor market area concept.

Elimination of job creation/public service employment: This bill as originally introduced included provisions for wage subsidization in the public sector and for a countercyclical job creation program. Through the efforts of the Minority, these provisions were eliminated from the bill. The Minority believes that this bill must be true to its intent, that is, as a training measure not a job creation bill.

Role of the State: There are many training related functions that are the authority of the State. H.R. 5320 requires State level coordination of the training programs under this bill with those of vocational education, employment services, work incentive programs, and general education programs. This coordination is not only structural, but programmatic. Without such coordination, the overall effect of training

programs is diminished and the potential for duplication of effort is exacerbated. The Minority Members of the Committee agree that one of the strengths of a State role in training is that of coordination. The Minority will continue to look for ways to strengthen the role of the State in order to maximize the effective utilization of resources available under this Act.

Role of Education: Much of the training that prepares youth and adults for entry into the job market is provided through the local education agencies. Employers often state that what they need are employees who possess basic reading, writing and computational skills. This bill incorporates a strong, yet appropriate, role for education, which Republican Members of the Committee have been advocating for years. Twenty percent of the funds for the State may be used for assistance to State education agencies to facilitate structural coordination within training activities.

Additionally, a State incentive grant for joint agreements between prime sponsors and State and local education and training agencies which contribute matching funds is established to provide programmatic coordination. The relationship between education and training has always been a critical one, and the Minority Members advocate the role for education that has been included in this bill.

Strong Youth Training Component: The Republican Members of the Education and Labor Committee traditionally have maintained strong support for youth training programs. Fifty percent of the funds that are available to prime sponsors for training under this bill, adjusted for variation in the proportion of youth in the area, are reserved for in-school and out-of-school youth. The suggested programs for youth build upon what has been learned through the youth demonstration projects and take a developmental approach to the unemployment problems youth face.

Displaced Workers Program: There are areas of this country that face severe training problems due to the displacement of workers. These problems in many areas will persist even after national economic recovery because of inevitable changes in industry and technology. This bill offers a means by which funds can be directed toward the provision of appropriate training and placement assistance for such workers. The funds are targetted in two ways, by formula and by application, and an adjusted match is required. Republican Members recognize the need for such a program and favor the inclusion of it in an overall Federal training policy.

Despite the many strengths of this bill, Republican Members are keenly aware of remaining areas of disagreement. Only glaring problem with the bill is the authorization level of $5.4 billion. We strongly believe that our responsibility as Members of the authorizing committee is to establish the framework for Federal programs that are defensible and meet the needs of the eligible participants. It is the responsibility of the Appropriations Committee to establish the allocation for this program within the context of the economy and the need for a responsible Federal budget. The Republicans attempted to change the authorization level included in the bill to "such sums as necessary," but were not successful.

A specific authorization level in this bill is misleading. It creates a false expectation that the total amount will be appropriated, which appears extremely unlikely. An appropriation must be made within the context of the needs of other programs and economic and budgetary determinants.

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LAWRENCE J. DENARDIS.
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JAMES M. JEFFORDS.
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## INDIVIDUAL VIEWS OF JOHN N. ERLENBORN ON H.R. 5320—THE JOB TRAINING PARTNERSHIP ACT

There are several other aspects of H.R. 5320 which bear specific mention. The first concerns the intent of the Job Training Partnership Act, and the second deals with the labor standards provisions of the bill.

The thrust of the Job Training Partnership Act is to provide training to disadvantaged adults and youth for the purpose of enabling them to obtain and retain unsubsidized employment. The intent of the bill is not to provide income maintenance.

With the provision of allowances and stipends in the bill funds are diverted from the major purpose of the bill, training, to that of income maintenance. Under the previous employment and training legislation only eighteen percent of the funds were used directly for the provision of training. Forty-four percent of the funds were used for wages and stipends. I believe we should not reduce the funds available for training in this bill by paying for allowances and stipends.

Especially in a time of scarce fiscal resources, we must not weaken the potential outcomes of this bill by diverting training funds into wages and allowances. We should concentrate the funds on the provision of sound, effective training that will provide a means by which the participants of these programs can obtain jobs and become productive, contributing members of the labor force.

Turning to my second area of concern, undefined and redundant labor standards are encompassed in this bill. Although past legislation involving employment and training contained similar language, this language was also vague, too broad and incapable of definition. We ought not perpetuate such language.

For instance, this bill contains "appropriate" standards for health and safety, and workers compensation but does not define what is or is not appropriate. It also includes "other standards"—again, without definition. But more importantly than these undefined terms is the lack of necessity for their inclusion. If Federal or State labor standards apply, they are applicable to participants whether or not language is included in this bill.

Moreover, because the coverage and interpretation of labor standards under both Federal and State law is certain and well established in both administrative and case law, this kind of language tends to introduce undesirable elements of confusion and uncertainty. However, this bill goes even further and requires unemployment compensation, health and life insurance and any other employee benefits provided regular and full time workers. Since subsidized employment under the bill is limited in duration—knowingly short tenured, it is not fair for this subsidized employment to requalify participants for

unemployment benefits. Furthermore, the bill provides for payment of pension contributions even though there is not prospect of the participants qualifying for benefits. This, too, would divert funds for training, the bill's purpose.

A provision that no training program shall impair existing employment contracts merely creates a Federal contract right, with recourse to Federal courts, without adding to contractual protections available in general contract law, with disputes resolved through State court systems. It is simply inappropriate to create redundant protections and, thereby, further burden the Federal judiciary with litigation vindicating rights of non-Federal essence.

The bill also carries over from CETA Davis-Bacon Act coverage for Federally assisted construction, alteration, or repair (including painting and decorating) of projects undertaken pursuant to the bill.

The Davis-Bacon Act is an expensive, depression-era relic which is impossible to administer, inflationary, and should be repealed. The General Accounting Office so concluded in its 1979 report ("The Davis-Bacon Act Should Be Repealed," HRD–79–18, April 27, 1979), and study after study has found it inflates construction wages and imposes an expensive burden on public treasuries. Even the Carter Administration in its confidential review of Federal contract wage laws could not ignore the inflationary impact of the Davis-Bacon Act. The study concluded that if adoption of numerous administrative reforms lowered prevailing wage determinations by 10 percent, ". . . a reasonable expectation, then total Federal dollar savings under the Davis-Bacon Act would be $1 billion . . . ," reducing the rate of inflation by over two-tenths percent ("Options Paper: Interagency Review of Contract Wage Laws," cited in *Oversight Hearings on the Davis-Bacon Act*, Subcommittee on Labor, Senate Committee on Labor and Human Resources, 97th Congress, first session, page 8).

More recently, the Congressional Budget Office estimated that merely four statutory changes in the Act would yield for fiscal 1983 an over $803 million saving in budget authority and $239 million saving in outlays (Letter from Alice M. Rivlin to the Honorable Don Nickles, page 2).

If Congress were really serious about reducing spending and assuring that taxpayers received a fairer return for the ever-higher taxes they pay, it would get rid of the Davis-Bacon Act.

There are still other labor standards in the bill which trouble me. These involve existing labor legislation and may inadvertently interfere with administration of the National Labor Relations Act. In calling for participants inclusion under union-security provisions of a collective bargaining agreement, the bill is pre-empting the authority Congress has conferred on the National Labor Relations Board to determine appropriate units for bargaining and the proper inclusion of employees in those units. This provision in the bill removes the certain and well established principles and procedures in both administrative and case law developed under the National Labor Relations Act and creates confusion and uncertainty in this technical area of labor-management relations law. Moreover, this provision may interfere with the collective bargaining contract itself, by statutorily including participants who the parties to the contract may wish excluded.

The pro· ision prohibiting the use of funds to assist, promote, or deter union organizing is likewise redundant and therefore confusing in view of the National Labor Relations statute. The National Labor Relations Act presently makes it an unfair labor practice for employers to "dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it . . ." Section 8(a) (2) of the NLRA. It is also an unfair labor practice for an employer to "interfere with, restrain, or coerce employees in the exercise" of their rights under the National Labor Relations Act or "by discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization". Section 8(a) (1) and (3) of the NLRA. Since 1935 the National Labor Relations Board has been interpreting, defining and refining those sections of the National Labor Relations Act to protect employees' rights to join or not to join a labor organization. Not only does the National Labor Relations Act define the prohibitions in broader and better terms than the provision of this bill, but it has the established machinery to interpret and enforce its statutory language. Without that administrative enforcement machinery, the provisions in this bill are only tools for additional legal action in the Federal Courts contrary to the intent of Congress to leave that technical expertise of interpreting the matters of union organizing and collective bargaining to the National Labor Relations Board.

The House should weigh carefully these drawbacks.

JOHN N. ERLENBORN.

## SEPARATE MINORITY VIEWS OF THE HONORABLE MARGE ROUKEMA

Although the Committee has taken some very positive steps in revising the Federal jobs programs, there is still considerable work to be done.

The Committee has rejected a number of essential reforms which have been proposed: 1) expanded involvement by the state in the approval of local plans; 2) a meaningful increase in the minimum size of local service delivery areas (the Committee bill provides a cosmetic increase from 100,000 to 150,000); 3) elimination or a considerable reduction in the use of stipends and allowances, which are subject to considerable abuse and siphon funds from training; and 4) significant consolidation at the state and local level of the administration of the various employment-related programs (e.g. Employment Service, WIN, etc.). In addition, the funds authorized under the bill should be at a much lower level. Nevertheless, a definite ceiling should be adopted, rather taking the "such sums" approach suggested in the Minority Views.

A crucial area of needed changes concerns the private sector role in the programs. Clearly, there is bipartisan agreement that, for these programs to work, the private sector involvement must be significantly expanded. The Committee has provided a good starting point by making the Private Industry Council (PIC), a majority of which is drawn from the private sector, the sole advisory body for each prime sponsor with joint planning responsibilities shared with the prime sponsor. In my opinion, the role of the PICs can and should be further strengthened by making the PICs the principal planning body and, in those cases where the PIC is capable of doing so, making the PIC the principal agent for operating the programs as well.

Furthermore, for these programs to work, there must be greater participation by specific employers in the actual training conducted under the bill. The most effective device for increasing the probability that an employer will want to hire a program graduate is to involve the employer before the training begins. Currently, most program operators report that they train only for occupations which the available data suggest will be in demand. Only a small percentage report that this training is linked to specific job openings at specific firms. Increasing this percentage would significantly improve the effectiveness of Federal job training efforts.

Programs linked in this manner have several advantages. There is no dependence upon imprecise forecasts on occupational demand. Before training begins, the employer has indicated his or her willingness to consider program graduates. Equally important, the probability of placing program graduates is high because trainee selection and curriculum development would be tailored more specifically to particular job openings.

The Committee bill includes my amendment which provides for significant improvements in this area. This new provision would establish a priority for "customized training"—i.e. training where a specific employer or group of employers is involved in the design and/or conduct of those programs or where there has been a commitment by an employer or group of employers to hire trainees upon their completion of a training program. Other provisions were included which would strengthen the hand of the prime sponsors in establishing customized training programs. These include: 1) the allowable use of funds for "employment bonuses" to private employers who hire trainees on a permanent basis upon completion of their training, and 2) a disregard, for purposes of the 15% cap on administrative costs, of any additional administrative costs incurred in establishing customized training programs.

In addition to obtaining greater success in placements, placing a priority on customized training ensures the attainment of another goal that really cannot be quantified. As private sector employers are brought more into the actual nuts and bolts of the training, they will begin to feel a greater commitment to the success of the programs. There will indeed be a true spirit of "partnership" that will have beneficial effects for the local economy and community that go beyond statistics measuring placements and increased earnings.

While I am encouraged by the current provisions in the bill providing a "customized training" priority, I do not feel that they go far enough in ensuring that these training programs are actively pursued to the maximum extent. Unless some minimum percentage of trainees enrolled in customized training is established, those prime sponsors who currently have a minimal involvement in this area will likely institute slight improvements at best. Therefore, when the bill goes to the House floor, I will offer an amendment establishing a minimum required number of trainees enrolled in customized training by each prime sponsor. My original amendment before the Committee would have required that at least 50% of all adult trainees be enrolled in customized training.

Is 50% a feasible goal? Currently, the best estimate of the nationwide average is about 15%. The greatest inhibitors in meeting this goal will be sagging local economies and uncooperative business communities. The former is accommodated in the language of the bill: "To the extent possible in light of local economic conditions". The latter is a situation which it is hoped will be remedied by the strengthening of the PICs. I would suggest that if those attitudes are not changed, the efforts on this legislation will have been for naught and none of the provisions of the bill will achieve their goals. If that occurs, the changes contained in the bill will be little more than cosmetic.

Therefore, I would hope that when the bill goes to the House floor, the House will adopt the changes I have discussed as necessary components in the effort to achieve a genuine "partnership" between the private and public sectors in these programs.

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## ADDITIONAL VIEWS OF EUGENE JOHNSTON ON H.R. 5320

In view of the urgent need to reduce the federal deficit, I cannot see the logic in authorizing a level of $5.4 billion; $3 billion over the Administration's fiscal year 1983 budget request. I would like to reiterate the minority's position that an authorization level of "such sums as necessary" would strongly be preferable. With a federal deficit of over $100 billion, it is not in the best interest of the taxpayer to add additional authorizations to the budget, especially when they have proven to be wasteful in the past.

Although I am pleased that the service delivery area population size was slightly increased, I still believe an area of 150,000 is not large enough. I would prefer to see a larger labor market area maximizing resources and decreasing duplicative administrative costs. This would allow a larger sum of federal dollars to be targeted to training individuals.

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